



Daily Report

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Daily Report

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CONTENTS

29 December 1993

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

| | |
|--|---|
| Further on Li Peng Remarks to Foreign Envoys [XINHUA] | 1 |
| UN Secretary General's Visit, Talks Assessed [Beijing International] | 1 |
| GATT-Sponsored Uruguay Round Trade Talks Viewed [BEIJING REVIEW 27 Dec 93-4 Jan 94] | 2 |

Central Eurasia

| | |
|--|---|
| Sino-Russian Border Demarcation Commission Meets [XINHUA] | 4 |
| Heilongjiang Official Interviewed on Border Trade [Hong Kong TA KUNG PAO 20 Dec] | 4 |

Near East & South Asia

| | |
|--|---|
| Pakistani Prime Minister Bhutto Meets Leaders | 5 |
| Examines Ties, Issues With Jiang [XINHUA] | 5 |
| Exchanges Views With Li Ruihuan [XINHUA] | 6 |
| CHINA DAILY on Talks [29 Dec] | 6 |
| Bhutto Holds News Conference, Departs for DPRK | 7 |
| Views U.S. Sanctions, Pyongyang Visit [XINHUA] | 7 |
| Islamabad Radio on Remarks | 8 |
| Further Islamabad Radio Report | 8 |
| Qian Qichen, Pakistani Counterpart Meet [XINHUA] | 9 |
| Pakistani Foreign Minister Views Beijing Talks [Islamabad Radio] | 9 |
| VOA Report on PRC Kashmir Mediation 'Refuted' [Islamabad Radio] | 9 |

NATIONAL AFFAIRS

Political & Social

| | |
|---|----|
| Human Rights Society Holds Board Meeting | 10 |
| Discuss Theory, Practice [XINHUA] | 10 |
| Zhu Muzhi on Human Rights [XINHUA] | 10 |
| Hijackings Prompt 'Stringent' Security Measures [CHINA DAILY 29 Dec] | 13 |
| Deng Urges Faster Growth During Beijing Tour [Hong Kong TA KUNG PAO 29 Dec] | 13 |
| Jiang Zemin, Li Peng Address Judicial Meeting [XINHUA] | 14 |
| Li Peng Inaugurates Traditional Medicine College [XINHUA] | 16 |
| Hu Jintao Inspects Yunnan Province 16-24 Dec [XINHUA] | 17 |
| Chen Junsheng Inspects Hunan Province 21-23 Dec [Changsha Radio] | 17 |
| Reportage on NPC Standing Committee Session | 17 |
| Accounting Law To Be Amended [CHINA DAILY 23 Dec] | 17 |
| Reports on Motion Examination [XINHUA] | 18 |
| Civil Aviation Safety Tightened [XINHUA] | 19 |
| More on Safety Control Tightening [XINHUA] | 20 |
| View 'New System' For Civil Aviation [XINHUA] | 21 |
| Qiao Shi Addresses 'Company Law' [XINHUA] | 22 |
| Eighth NPC To Hold 2d Session 10 Mar [Beijing Radio] | 22 |
| Outline of Items on 1994 NPC Agenda [XINHUA] | 22 |
| CPPCC Standing Committee Meets in Beijing [XINHUA] | 22 |
| To Hold 2d Session in Mid-March [XINHUA] | 23 |

| | |
|---|----|
| RENMIN RIBAO on Socialism's Central Task [13 Dec] | 23 |
| RENMIN RIBAO Reviews Reform, Opening Up [22 Dec] | 27 |
| 'Central Leader' on 1994 Reform, Development [Hong Kong TA KUNG PAO 26 Dec] | 31 |
| Billboards Mirror Political Climate 'Change' [XINHUA] | 31 |
| Shanghai To Regulate Number of Rural Workers [CHINA DAILY 24 Dec] | 32 |
| New Civil Service System Planned For 1994 [CHINA DAILY 24 Dec] | 32 |
| State Council Equipped With New Electronic Map [XINHUA] | 33 |
| Courts Step Up Campaign To Protect Trademarks [CHINA DAILY 25 Dec] | 33 |
| Potential Illegal Immigrants to U.S. Arrested [Fuzhou Radio] | 34 |
| Daily Plans 12-Page Saturday Edition [RENMIN RIBAO OVERSEAS EDITION 25 Dec] | 34 |

Military

| | |
|--|----|
| 'Extreme Caution' in PLA Corruption Reporting [Hong Kong SOUTH CHINA MORNING POST 29 Dec] | 34 |
| Reporters' End of Year Report on Army | 35 |
| Part One [JIEFANGJUN BAO 13 Dec] | 35 |
| Part Two [JIEFANGJUN BAO 14 Dec] | 37 |
| Part Three [JIEFANGJUN BAO 15 Dec] | 39 |
| Part Four [JIEFANGJUN BAO 16 Dec] | 41 |
| Part Five [JIEFANGJUN BAO 17 Dec] | 43 |
| Part Six [JIEFANGJUN BAO 18 Dec] | 44 |
| Military Commission Revises Grass-Roots Program [XINHUA] | 46 |
| Army Paper Interviews Armed Police Commander [JIEFANGJUN BAO 5 Dec] | 47 |
| Forum Held To Mark Zhu De Anniversary, Biography | 49 |
| Liu Huaqing Speech Carried [JIEFANGJUN BAO 11 Dec] | 49 |
| Zhang Zhen Remarks Noted [JIEFANGJUN BAO 11 Dec] | 50 |
| Shandong Secretary on Militia, Reserve Force Work [Jinan Radio] | 51 |

Economic & Agricultural

| | |
|--|----|
| Government To Unify Exchange Rate in Jan 94 [XINHUA] | 52 |
| Rule Allows Dismissal of 'Incompetent Employees' [CHINA DAILY 29 Dec] | 52 |
| Zhu Rongji, Macroeconomic Control Discussed [Hong Kong HSIN PAO 24 Dec] | 53 |
| Li Ruihuan Discusses Socialist Market Economy [XINHUA] | 55 |
| Spokesman Briefs on 1993-94 Economic Situation [XINHUA] | 55 |
| 'Mild Slowdown' Seen [CHINA DAILY 29 Dec] | 56 |
| Statistics Bureau on Nov Economic Situation [XINHUA] | 57 |
| Open Border Policy Brings Economic Achievements [BEIJING REVIEW 27 Dec 93-4 Jan 94] | 57 |
| More 'Mingling' With World Economy Seen [XINHUA] | 58 |
| Article Views Tax-Sharing System [Hong Kong WEN WEI PO 24 Dec] | 58 |
| Minister: Tax Reform Not To Lead to Price Hikes [XINHUA] | 59 |
| State Council Rules on Natural Resources Tax [XINHUA] | 60 |
| Figures Given on Petrochemical Industry [XINHUA] | 60 |
| Third Largest Oil Field Registers Record Output [XINHUA] | 61 |
| Oil Pipelines Planned for Several Regions [XINHUA] | 61 |
| Increased Investment in Power Sector Planned [XINHUA] | 61 |
| Power Industry To Adopt 'Rational Pricing' [CHINA DAILY 28 Dec] | 61 |
| Power Plant Operational in Hebei 26 Dec [XINHUA] | 62 |
| Shanghai Power Plant Gets Foreign Loan [XINHUA] | 62 |
| Control Over Coal Prices To Be Lifted in 1994 [RENMIN RIBAO 23 Dec] | 62 |
| Baoshan Iron, Steel Enters 3d Phase Construction [XINHUA] | 63 |
| Materials Market Starting to 'Recover' [XINHUA] | 63 |
| Hong Kong, Japan Give Loans to Inland Enterprises [XINHUA] | 63 |
| World Bank Approves Telecommunications Loan [XINHUA] | 64 |
| Integration in World Chemical Market Noted [XINHUA] | 64 |
| Shipping Group Expands International Services [CHINA DAILY 29 Dec] | 64 |
| Aviation Industry Reports High in Foreign Funds [BEIJING REVIEW 20-26 Dec] | 65 |
| New Airliner Has 'Successful' Test Flight [XINHUA] | 65 |
| Factory To Use Domestic Engines in Audi Cars [XINHUA] | 66 |
| Beijing To Accelerate Reform of Tourism Industry [XINHUA] | 66 |

| | |
|--|----|
| Li Tieying Urges Efforts To Ensure Grain Supply [XINHUA] | 67 |
| Farm Produce Prices To Rise in 1994 [ZHONGGUO TONGXUN SHE] | 67 |
| Water Conservancy Projects Benefit Tibet [XINHUA] | 67 |

REGIONAL AFFAIRS

East Region

| | |
|---|----|
| Fujian Sees Increase in Foreign Trade [XINHUA] | 69 |
| Shandong Secretary Attends Deng Study Class [Jinan Radio] | 69 |
| Shandong Radio Station Adds News Programs [Jinan Radio] | 69 |
| Shanghai Opens Goods Exchange in Trade Zones [XINHUA] | 69 |

Central-South Region

| | |
|---|----|
| Guangdong's Guangzhou Subway Under Construction [Guangzhou Radio] | 70 |
| Guangdong Begins First 'Specialized' TV Station [XINHUA] | 70 |
| Guangxi Views Real Estate Speculation [RENMIN RIBAO 17 Dec] | 70 |

North Region

| | |
|--|----|
| Beijing Holds Meeting To Study Decision [BEIJING RIBAO 12 Dec] | 71 |
| Beijing Secretary Views 'Administrative Honesty' [BEIJING RIBAO 7 Dec] | 72 |
| Tianjin Holds 2d CPC Plenary Session [Tianjin Radio] | 73 |

Northeast Region

| | |
|--|----|
| Jilin Secretary on Improving Party Style [Changchun Radio] | 74 |
| New Commodity Exchange Goes Into Operation in Jilin [XINHUA] | 75 |
| Activities, Remarks of Liaoning's Gu Jinchi | 75 |
| Gives Economic Directives to Benxi [Shenyang Radio] | 75 |
| Speaks on United Front Work [Shenyang Radio] | 76 |
| Forum Held on Liaoning Anticorruption Work [Shenyang Radio] | 76 |

Northwest Region

| | |
|--|----|
| Shaanxi Governor at Party Committee Plenary Session [Xian Radio] | 77 |
| Xinjiang Provides 'Better Environment' for Wildlife [XINHUA] | 77 |

TAIWAN

| | |
|---|----|
| Report Details 28 Dec Hijacking Incident [Taipei Radio] | 79 |
| Mainland 'Practical Attitude' on Hijackings Urged [CNA] | 80 |
| SEF Receives ARATS Suggestion on Meeting Venue [CNA] | 80 |
| SEF Official Invited To Beijing [CNA] | 80 |
| Former Mainland Minister Attends Taipei Meeting [CHUNG YANG JIH PAO 17 Dec] | 80 |
| Jan-Nov Cross-Strait Trade Sees 'Record High' [CNA] | 81 |
| GATT Membership Prior to Mainland Accession Sought [CHINA POST 20 Dec] | 81 |
| Spokesman on Uruguay Round of Talks, GATT [CHINA POST 17 Dec] | 82 |
| CITES Proposal on Rhino Horn Controls 'Difficult' [CNA] | 83 |
| Taipei Becoming 'Major Capital Supplier' [CNA] | 83 |
| Officer's Death Threatens To Reveal Arms 'Scandal' [CHINA POST 23 Dec] | 83 |

HONG KONG & MACAO

Hong Kong

| | |
|---|----|
| More Discussion on Disbanding Three-Tier Structure | 85 |
| Patten Criticizes PRC Statement [Hong Kong Radio] | 85 |
| Local Politicians 'Divided' [Hong Kong SOUTH CHINA MORNING POST 29 Dec] | 85 |
| XINHUA Official Comments [Hong Kong WEN WEI PO 29 Dec] | 86 |

| | |
|--|----|
| Italian Magazine Interviews Hong Kong Leaders | 87 |
| Martin Lee Advocates Referendum [Rome L'UNITA 28 Dec] | 87 |
| Tsang Yok-Sing on Needing 'Stable' Beijing [Rome L'UNITA 28 Dec] | 87 |
| Hong Kong 'Important' to Asian-Pacific Growth [XINHUA] | 88 |
| Overseas Funds Send Stock Market to 'Record' High [Hong Kong SOUTH CHINA MORNING POST 29 Dec] | 89 |

General

Further on Li Peng Remarks to Foreign Envoys

OW2912005193 Beijing XINHUA Domestic Service in Chinese 1334 GMT 27 Dec 93

[By reporter Xin Huaishi (6580 2037 2514); Beijing XINHUA Domestic Service in Chinese at 1627 GMT on 27 December transmits a service message canceling the following item and replacing it with another version; differences between the two are noted below]

[Text] Beijing, 27 Dec (XINHUA)—At a meeting with ambassadors from eight countries to China in the Great Hall of the People this afternoon, Li Peng, premier of the State Council, said: In the coming new year, China will properly handle the [replacement version reads: ...coming new year, China's economy will continue to develop, its reform will deepen further, and opening will be wider. Li Peng said: We will continue to properly handle the.... (adding phrase)] relations among reform, @development, and stability. Development is the objective, reform is the driving force, and stability is the prerequisite.

Li Peng stressed. As long as [replacement version reads: ...Li Peng stressed: Practice has shown that as long as.... (adding phrase)] the relations among reform, development, and stability are handled properly, we will be able to achieve a sustained, rapid and healthy development of the economy. Li Peng said: "All we do is for our people. Our cause will succeed only while we have the people's support."

In his impromptu speech to the envoys, Li Peng pointed out: The year 1993 will soon end, and 1994 is approaching. Reviewing the past and looking forward to the future, the Chinese people are full of confidence. He said: In the coming year, we will take big strides along the road of building socialism with Chinese characteristics and will score further achievements in various fronts.

He said: China will continue to develop the excellent situation characterized by political stability, economic growth, national unity, and social progress. We will take big steps forward in establishing a socialist market economic structure. [replacement version reads: ...with Chinese characteristics; continue to consolidate and develop the excellent situation characterized by political stability, economic growth, national unity, and social progress; take big steps forward in establishing a socialist market economic structure; and score further achievements in various fronts in the new year. (rephrasing, combining paragraphs)]

Li Peng said: In the coming year, China will continually [replacement version reads: ...Li Peng said: China will continually.... (deleting "In the coming year,") and unwaveringly pursue its independent foreign policy of peace, develop friendly ties with all countries on the basis of the five principles of peaceful coexistence, and

make its share of contribution to safeguarding world peace and enhancing economic and social development.

The eight ambassadors were: outgoing Norwegian Ambassador Holvik, Thai Ambassador Chalichan, Ivorian Ambassador Anet-N'zi Koliagbo, Bangladesh Ambassador Shafi Sami, and Spanish Ambassador Martinez, and newly arrived Burundian Ambassador Bigirimana, Sri Lankan Ambassador Woutersz, and Cambodian Ambassador Khek Sysoda.

During the meeting, Premier Li Peng shook hands with all the ambassadors. He held cordial and friendly talks with them, expressing sincere hopes of the Chinese Government and people to enhance friendly ties with their countries. He also extended welcome or bade farewell to the respective envoys. He expressed his hope that China's relations of friendship and cooperation with the eight countries will make new progress.

UN Secretary General's Visit, Talks Assessed

SK2912092993 Beijing China Radio International in Korean 1100 GMT 28 Dec 93

[Anonymous talk on UN Secretary General Butrus-Ghali's Visit to China]

[Text] UN Secretary General Butrus-Ghali arrived in Beijing on 26 December to pay a two-day visit to China. He arrived in Beijing after visiting Japan, the ROK, and the DPRK.

The purpose of his visit to China was to discuss with the Chinese leaders matters of common concern between the two sides, particularly the nuclear weapons issue on the Korean peninsula and the World Women's Congress to be held in Beijing in 1995.

His schedule in China was very tight. He held talks with Premier Li Peng on the afternoon he arrived in Beijing. In a meeting with UN Secretary General Butrus-Ghali, Premier Li Peng highly praised him by saying that Butrus-Ghali had led the United Nations in carrying out good works in safeguarding peace and security and developing the global economy and society since he took office.

Premier Li Peng pointed out that Secretary General Butrus-Ghali's recent visit to East Asian countries is positively significant in ensuring peace and security in the area.

Secretary General Butrus-Ghali expressed his appreciation for China's full support of the work of the United Nations and its secretary general over the past years.

Regarding the issue of the Korean peninsula, Premier Li Peng said that China's position is very clear. He said that China wants the Korean peninsula to be denuclearized as soon as possible. This is because the denuclearization on the Korean peninsula is necessary for its peace and

stability, meets the interest of the North and South of Korea, and is also beneficial for peace and stability in the world.

He said that China wants the issue to be reasonably resolved through dialogue and negotiations, and that it opposes pressure or sanctions against the DPRK.

Secretary General Butrus-Ghali highly praised the Chinese Government's position. He explained to Premier Li Peng the result of his talks with the East Asian countries concerning the issue.

Premier Li Peng and Secretary General Butrus-Ghali also discussed North-South issues. Premier Li-Peng expressed his wish for the United Nations to make new contributions to narrowing the differences and improving relations between North and South, overcoming economic difficulties, and maintaining social stability in developing countries, particularly African countries.

Mentioning the fourth Women's Congress, Premier Li Peng said that holding the Women's Congress in China in 1995 is significantly meaningful because it is an important measure to implement the Nairobi strategy to elevate the position of women, and because it provides a good opportunity for the world to get to know China and for China to be acquainted with the world. He said the Chinese Government will fully support the preparations for the congress and ensure a smooth management.

On the afternoon of 26 December, Secretary General Butrus-Ghali also met with Comrade Chen Muhua, vice chairwoman of the Chinese National People's Congress Standing Committee and president of the All-China Women's Federation, to exchange views on the preparatory works for the fourth Women's Congress. Recognizing the importance of the congress, Secretary General Butrus-Ghali said he was sure that China would smoothly convene the congress.

In meeting with Foreign Minister Qian Qichen, [word indistinct] Secretary General Butrus-Ghali exchanged deeper views on international issues of mutual concern. Foreign Minister Qian Qichen said that China did not agree on the existence of any nuclear weapons on the Korean peninsula, and supported the realization of denuclearization on the Korean peninsula.

He added that he believed the four parties involved, the United States, the DPRK, the ROK, and the International Atomic Energy Agency, could see new developments in the issue if they only patiently and continuously took a good and constructive attitude.

Foreign Minister Qian Qichen also exchanged views with Secretary General Butrus-Ghali on the issue of holding the fourth World Women's Congress in Beijing. Secretary General Butrus-Ghali said the United Nations believed that China would organize the congress well. Secretary General Butrus-Ghali said the United Nations thought China's role in the international arena is very

important, and that he would visit China more frequently in the future to listen to China's opinion, discuss major international issues, and seek China's support and help.

Secretary General Butrus-Ghali held a news conference afterward and answered the questions presented by Chinese and foreign journalists.

GATT-Sponsored Uruguay Round Trade Talks Viewed

OW2912055893 Beijing BEIJING REVIEW in English No 52, 27 Dec 93-4 Jan 94 pp 8-9

[Article by Jiang Yaping: "Uruguay Round Approved After Seven Hard Years"]

[Text] After seven years of agonizing through tough bargaining and negotiations, the long-delayed Uruguay Round of world trade talks sponsored by the General Agreement on Tariffs and Trade (GATT) was finally concluded on December 15 in Geneva.

"I intend to conclude the Uruguay Round as a success after seven years," said Peter Sutherland, director general of GATT, as he banged the table with a brown, wooden gavel to the applause and cheers of diplomats and envoys from 117 countries who gathered to approve the world's biggest and longest trade deal in history.

"What we are about to do is a historic act," said the GATT chief as he asked the hall for silence to signal consensus. "It gives hope to the future of international cooperation and will reinforce economic growth and development, and aid the process of economic and political reform," the 47-year-old Sutherland said.

The Uruguay Round, named after the country in which it was started in September 1986 to work out a huge trade liberalization agenda, is the most ambitious effort to break down tariffs and revamp trade rules.

The new deal will bring trade in goods, services, farm produce, textiles and patents under GATT rules for the first time. It also makes import levies on goods fall by an average of more than one third.

A study compiled by economists in the GATT secretariat predicted that the trade agreement would pump around US\$270 annually into an ailing world economy.

The study also forecasts that world income from market access accords alone would be increasing by US\$230 billion annually by 2005, a decade after the new agreement goes into effect in 1995.

"Economic operators across the globe will benefit—producers and consumers, investors and traders everywhere will benefit," said Sutherland, a former Irish attorney-general and competition commissioner of the European Community (EC).

GATT was established in 1947 and went into effect the next year as part of an effort to reshape the world economy after the Great Depression and World War II. On the whole, it has been fairly successful. Over the past 46 years, GATT has organized a total of eight trade rounds that made a major contribution to world growth. A series of GATT accords have cut customs taxes over the past 40 years from about 40 percent to an average of 5 percent of the prices of an imported product.

The international trade body's cornerstone is the "most favored nation" principle, designed to prevent discrimination. It says any country's trade barriers must apply equally to all other members, but it has no effective power to punish violators.

Now under the new trade accord, the old GATT will be succeeded by a new, bigger and more powerful world trade body—the Multilateral Trade Organization (MTO).

The Uruguay Round of trade talks, launched in the Uruguayan resort of Punta del Este seven years ago by ministers of trade and finance from more than 100 countries, has witnessed such a bumpy process of endless negotiations that GATT was even dubbed as the "General Agreement to Talk and Talk."

Its first formal deadline was set in December 1990, but the talks collapsed when the United States walked out of the meetings in Brussels over a bitter dispute with the EC on farm subsidy cuts. It passed three other informal target dates afterwards due to the same row and other issues between Washington and Brussels, the world's two largest trading powers.

The situation became more complicated as more countries joined the efforts in Geneva, adding new products and interests to the agenda which already covered a wide range from farm products to service industries.

To finalize the long-awaited trade deal, Sutherland, who succeeded Arthur Dunkel as new GATT chief on July 1 of this year, set the deadline of December 15 soon after he assumed the post, speeding up the process to wrap up the deal.

In November 1992, the two sides signed the Blair House accord in the United States on cutting farm subsidies, but it failed to be effective due to strong objections from France which vowed to block any package that would hurt its farmers.

To try to revive the trade talks, the EC, the United States, Japan and Canada worked out in a Tokyo summit in July a package of tariff reductions on a broad range of manufactured goods.

But a breakthrough did not show up until the eleventh hour. On December 14, just one day before the deadline for a global deal, the two transatlantic trade giants made substantive progress by agreeing to disagree upon four key areas that had kept them glued to the bargaining table for days and nights on end—audio visual products, financial services, shipping and aviation.

US trade representative Mickey Kantor and EC trade commissioner Leon Brittan reported a break through after days of bitter bargaining.

The American agreed to pull the audio-visual sector out of the trade accord to avoid a head-on clash with the EC, which contended that films represent Europe's cultural heritage and should be given special treatment in the trade negotiations.

On the issue of aircraft subsidies, the United States succeeded in getting language in the GATT accord that would limit Europe's ability to subsidize Airbus Industrie, the main rival of the Boeing and McDonnell Douglas Corp.

On textiles, Washington has reluctantly agreed to phase out import restrictions on third world products over 10 years instead of 15 years to meet the demands of many developing countries.

Before that, the United States and EC had already reached agreement on cutting farm subsidies, writing new trade rules and shielding intellectual property like patents and copyrights.

With all the obstacles removed, the EC gave its approval to the new trade accord on the morning of the final day after the EC foreign ministers overcame Portuguese resistance to lower textile import barriers.

To placate Portugal, which threatened to veto the accord, EC officials agreed to allocate 400 million European Currency Units (US\$452 million) to compensate for damage caused to Portugal's industry, which accounted for one third of its export earnings.

After frequent consultation with and pressure from Western countries, Japan and the Republic of Korea have made "vitally important" decisions to lift their decades-old ban on rice imports in spite of strong protests and objection at home. Prime Minister of the Republic of Korea Hwang In-song even stepped down for failing to keep its cherished rice market closed to the world.

The Uruguay Round was concluded at an awkward time when the world is struggling to recover from the longest recession since the 1930s. The diplomats and politicians in Geneva, therefore, had to be particularly careful and cautious while negotiating the accord, and that's why the United States and the EC finally put a temporary lid on their disagreements and rushed to the conclusion.

"Had the agreement been lost, we would have risked moving into a new type of protectionism following the collapse of the Iron Curtain," said Sutherland.

The trade pact was reached in time to meet a U.S. deadline that obliged U.S. President Bill Clinton to notify congress before midnight. This was required under legislation that enables congress to consider the pact on a yes-or-no basis that bars any amendments.

Within minutes of the approval of the agreement, Clinton said the deal "meets the test of a good accord" because it will create more jobs and income by fostering an export boom. He said he would immediately inform the Congress of his intention to sign "the most comprehensive trade agreement in history."

China also applauded the trade treaty but a spokesman for the Chinese Foreign Ministry said "GATT is seriously defective in terms of its universality without restoring China's status as a contracting party in GATT."

"China is ready to sign the final act of the Uruguay Round and perform the obligations specified by the agreement after its reentry into GATT," the spokesman added.

The 550-page document of the Round's Final Act must be ratified by national parliaments before being formally signed on April 21 of next year in Marrakech, Morocco. It is expected to go into effect in January 1995.

But many economic experts say the conclusion of the round does not mean that the trade disputes between Washington and Brussels have ended; the two powers postponed their haggling only to save the trade accord from collapse and may spark off another row in the future.

Although the world was looking forward to the conclusion of the GATT to get itself out of a widespread recession, and many countries have hailed it as "historic", the agreement is not generally viewed as a miracle cure to the sluggish international economy and some well-known organizations even have warned that developing countries could be harmed by the agreement.

Emeka Anyaoku, secretary general of the Commonwealth which is comprised of Britain and 49 of its former colonies, said the GATT could have a detrimental effect on many developing countries as the structure changes necessary would be difficult for some third world countries which are net importers of food. Food prices could rise by 10 percent worldwide as a result of the new deal.

The Brussels-based International Coalition for Development Action, or ICDA, also pointed out that the treaty meant the world's poorest people would lose because of higher food prices, less support for breadline farmers, and higher costs for seeds and medicines.

Many third world trade officials argue that the tariff structure under the Uruguay Round could reinforce the global North-South divide under which developing countries sell little more than raw material and semi-finished goods to the developed world and fail to build their own industries.

Developing countries like India, Pakistan, Argentina and Brazil all stressed that the trade accord was less than they hoped for.

Argentina's Ambassador to GATT, Juan Archibaldo Lanus, said: "The next round must be for the developing countries,... [ellipses as published] This round was kidnapped by the bilateral problems and conflicts of interest between the United States and the European Community."

Central Eurasia

Sino-Russian Border Demarcation Commission Meets

OW2812062593 Beijing XINHUA in English
0547 GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—The Sino-Russian Boundary Demarcation Commission held its fourth session from December 15 to 27 here.

In a frank and practical atmosphere, the commission summed up the demarcation work in 1993 and mapped out its work plan for 1994.

It also discussed some problems which need to be solved.

The two sides decided that the fifth session of the commission would be held in Moscow in July 1994.

Heilongjiang Official Interviewed on Border Trade

HK2912113593 Hong Kong TA KUNG PAO in Chinese
20 Dec 93 p 4

["Special dispatch" by staff correspondent Hua Ta-chen (5478 1129 4176): "Heilongjiang Vice Governor Points to New Turning Point; Sliding Returns for Border Trade Between China and Russia"]

[Text] Heilongjiang, 19 December—New situations and problems have appeared in Sino-Russian border trade, such as: capital shortages, backlogs of imported goods, and sliding returns for border trade enterprises, with some of them switching to other industries or shut down altogether. Some companies from outside the province are "going home." Views abound on this phenomenon. Some say it is a severe challenge to border trade, and others believe the prospects for Sino-Russian border trade are grim. How should we analyze and judge the Sino-Russian border trade situation? To answer these questions this reporter interviewed Wang Zongzhang, Heilongjiang vice governor in charge of the province's foreign economic and trade affairs.

Wang Zongzhang said: Such problems cannot be observed and judged from a traditional institutional angle, but must be analyzed from a market economic viewpoint. He believes that border trade has currently entered a new turning point, namely, from simple commodity exchanges under a planned economy, to trade cooperation bounded by international market customs under a market economy. Such problems are bound to come up during a change of direction.

Citing instances, he said: "Imports piled up mainly because imports had been concentrating on a few kinds of goods." Since the opening of border trade and the development of the local economy, China has been importing mainly raw materials, such as: steel, wood, chemical fertilizers, and cement. A few years ago they sold well and fetched high profits. In the second half of this year, the country started reducing investment and scaling down infrastructural projects, depressing market demand for raw materials, and plunging the prices of such goods. There was supply but no demand, forming backlogs. He believes that if they can do things according to market economic laws and adjust import mix in a timely manner, the problem will not be too difficult to solve.

"The key cause of sliding returns for border trade firms is the narrowing gap between import and export prices." Zongzhang believes that this conforms to international trade law. "Early in the barter trade period, as our trading partners lacked light industrial goods and food-stuffs and due to the limited openness of the market, price parities for barter were not exactly reasonable, and we were earning more profits. But as trade activities unfolded, they sensed the problem and made the parity more reasonable by adjusting duties and prices for raw materials, tightening permit issue supervision, trading on cash, and so on. It is normal, therefore, that border trade firms saw their returns sliding."

"The closures and switching to other industries of some border trade firms are an inevitable result of market economic laws at work," Wang Zongzhang said. "There are over 8,000 companies in our province engaging in border trade, with varying levels of performance and personnel quality. As border trade develops, it is entirely natural that some firms are eliminated in the fierce market competition. Though the total number of border trade firms is now smaller, management and firms' quality have improved. Some good firms have steady trade channels, and their turnovers and profits are continuously growing. This helps border trade and local economies develop healthily."

He cited the following data: From January to November this year, the province's total import and export volume was 2.55 million tonnes, up 35 percent from the same period last year, achieving \$1.96 billion in turnover value, up 53.34 percent from the same period last year. In the latter half of the year, in particular, turnover value and turnover volume rose month by month. Instead of shrinking, border trade is developing in a sound momentum.

Wang Zongzhang said in forecasting border trade: "Trade and cooperation between our province and the CIS have wide prospects."

First, the geographical advantage for cooperation remains. Second, the comparative advantages in the economic complements between the two sides will

remain unchanged in immediate future. Third, economic and trade partners and channels are in for the long haul. Fourth, the world economic development favors economic and trade cooperation between the two sides. The world economy is moving toward regionalization and developing into blocs. Situated at the hub of north-east Asia, Heilongjiang occupies an important place in northeast Asian regional economic cooperation. As the economies of neighbor states and regions develop, Heilongjiang's potential for foreign trade and cooperation is gaining importance in the eyes of an increasing number of countries and regions. The shift of Russian economic center to the East is proof.

But Wang Zongzhang is also aware of the grim situation facing border trade: "The prospects for border trade are good. But competition from countries, especially from the West, will intensify, demanding that we upgrade our management as soon as possible." He wanted concerned departments all across the province to pursue the following five [number as published] tasks:

One, adjust the import-export mix in relation to market demand and raise the quality of imports and exports and the value-added and technology components of exports.

Two, push for economic and technological cooperation. Build multinational economic and technological cooperation zones, beginning with project contracts and labor exports, and extend efforts to economic and technological cooperation centering on developing resources and deep-processing industries. Further push state-owned large and medium-sized enterprises toward international markets, and widen intermediate and long-term cooperation.

Three, speed up the construction of the great pathway for Sino-Russian trade. Ports in operation must continuously improve facilities and strengthen management, while speeding up the construction of back-up facilities, including renovation of depots, and railway and highway construction. This is to solve the transport "bottlenecks" to boost the turnover rate.

Four, strengthen macroregulatory and control ability and further rectify border trade order.

Near East & South Asia

Pakistani Prime Minister Bhutto Meets Leaders

Examines Ties, Issues With Jiang

OW2812133793 Beijing XINHUA in English
1315 GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—President Jiang Zemin and visiting Pakistan Prime Minister Benazir Bhutto had an hour-long discussion on bilateral relations and other issues here today.

Jiang praised Benazir Bhutto for her long efforts and contributions to friendship and cooperation between China and Pakistan.

He pointed out that China shares Pakistan's satisfaction with the smooth growth of Sino-Pakistan relations, which has a firm foundation and has stood the test of time.

Jiang described the Sino-Pakistan ties as "an example" for relations between countries with different social systems.

Jiang attributed the sound relations between China and Pakistan to the leaders of the older generation in the two countries, adding that such relations will see new development with the two sides' efforts during Bhutto's term as Pakistan prime minister.

Benazir Bhutto said Pakistan-China friendship will continue to stand firmly despite the profound changes in the world.

She held that a prosperous and strong China is not only helpful to peace and stability in Asia but is of great importance to the world as well.

The two leaders briefed each other on their views concerning international issues and the situation in their countries respectively.

Among those at the meeting were Gu Xiulian, chairman of the Chinese Government Reception Committee and minister of chemical industry, Benazir Bhutto's husband Asif ali Zardari, Pakistan Foreign Minister Sardar Asif Ahmad Ali and other senior officials of the two countries.

Exchanges Views With Li Ruihuan

OW2812135893 Beijing XINHUA in English
1347 GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), said here today that China and Pakistan enjoy close ties, which have solid basis and strong vitality.

He made the comment in his meeting with Pakistan Prime Minister Benazir Bhutto and her party here this afternoon.

Recalling his recent trip to Pakistan, Li said that he was very pleased to meet Bhutto again here in Beijing.

He also expressed his gratitude to Bhutto, the Pakistan Government, the Senate and Pakistan people for all the warm welcome and hospitality he received during that trip.

Both China and Pakistan face the common task of developing their economies and raising people's living standards, Li said.

"It is the common aspiration of the two peoples to further expand the exchanges and cooperation in the fields of economy, trade, science and technology and culture," he said, adding that these exchanges and cooperation have bright prospects.

He expressed the belief that Bhutto's current visit would give a strong push to the further development of bilateral friendly cooperation.

The exchanges between China's CPPCC and the Pakistan Senate have been on the rise, which has played a significant role in promoting the understanding and friendship between the two peoples, he noted.

The CPPCC would be as committed as always to the development of China-Pakistan friendship, Li stressed.

He also voiced the hope that W. Sajjid, chairman of the Pakistan Senate, would come to visit China as early as possible next year.

Prime Minister Bhutto said she was happy to meet Li again. She expressed the conviction that Pakistan-China friendly ties of cooperation would witness further development.

She also expressed her appreciation of the CPPCC's efforts in promoting China-Pakistan friendship.

After the meeting, Li hosted a dinner in Bhutto's honor.

This afternoon, Premier Bhutto met here with dozens of Chinese entrepreneurs and briefed them on the economic policies of her country.

She voiced the wish that the "political strength" would be "translated into the business and trade relations" of the two countries. "We will seek to give all assistance to those of you who wish to invest in and trade with Pakistan," she added.

Zheng Hongye, chairman of the China Council for the Promotion of International Trade, said bilateral cooperation in economy, science and technology would certainly achieve more fruitful results, given care and support from both governments.

CHINA DAILY on Talks

HK2912061093 Beijing CHINA DAILY in English
29 Dec 93 p 1

[By staff reporter Chang Hong: "Bhutto and Top Chinese Leaders Vow To Further Ties"]

[Text] Visiting Pakistani Prime Minister Benazir Bhutto met with President Jiang Zemin and held talks with Premier Li Peng yesterday in Beijing.

Bhutto also met with Li Ruihuan, Chairman of the Chinese People's Political Consultative Conference, who visited Pakistan earlier this month.

The leaders recalled the time-honoured friendship between the two countries and pledged to further Sino-Pakistani co-operation.

Bhutto told Jiang that relations with China is the "cornerstone" of Pakistan's foreign policy.

A strong and prosperous China is conducive to regional peace and crucial to the whole world, she said.

Jiang said Sino-Pakistani ties are a good example of how states with different social systems can have a fruitful relationship.

He said senior Chinese and Pakistani leaders have played an indispensable part in forging such close relations between the two countries.

The talks between Li Peng and Bhutto lasted for two and half hours.

Li said that China will always remain Pakistan's staunch ally regardless of global changes.

He said it is particularly important for the two countries to enhance cooperation under the current world situation.

Bhutto said her country will always be friends with China.

Her nation will never forget China's help during Pakistan's critical moments, she said.

The Pakistani head of government also expressed admiration for China's effort to maintain political stability and economic growth.

She said China plays an important role as a balancing and regulating force in the international arena.

The Pakistani leader also reaffirmed her government's support for China's position on the issues of Tibet, Taiwan and Hong Kong.

On trade ties Li said that Chinese and Pakistani enterprises need to increase exchanges and form more joint ventures in order to expand economic co-operation.

He said the Chinese Government encourages Chinese businesses to invest and contract construction projects in Pakistan. Investment from Pakistan is welcomed as well, he said.

The two leaders also discussed the international situation and the establishment of a new world order.

On the situation in Asia, Li said most countries in the region are relatively stable and enjoy strong economic growth.

He said this would provide favourable conditions for economic development and regional co-operation.

Bhutto briefed Li on the situation in Kashmir and Pakistan's position on the forthcoming meeting between the foreign secretaries of Pakistan and India.

The Chinese premier said that China wants to see improved ties between Pakistan and India, adding that the problems between Pakistan and India have to be settled through dialogues.

Li said he hoped the meeting would reach a positive settlement.

Chinese Vice Premier and Foreign Minister Qian Qichen echoed Li's view.

In his talks with Pakistani Foreign Minister Sardar Aseff Ahmad Ali yesterday afternoon, Qian said he hoped the scheduled meeting between Pakistan and India in January would be a good start for a negotiated solution to the conflict and create a favourable atmosphere for further consultations on the issue.

Meanwhile, China and Pakistan signed five co-operation accords yesterday in the capital.

Bhutto Holds News Conference, Departs for DPRK

Views U.S. Sanctions, Pyongyang Visit

OW2912133793 Beijing XINHUA Domestic Service in Chinese 0753 GMT 29 Dec 93

[By reporter Xin Huaishi (6580 2037 2514)]

[Text] Beijing, 29 Dec (XINHUA)—Pakistani Prime Minister Benazir Bhutto said here today that her three-day visit to China is "extremely fruitful and constructive" and has added "new motive force" to friendship and cooperation between the two countries based on mutual benefits.

This morning, at the end of her visit to China, Benazir Bhutto held a news conference at the Diaoyutai State Guest House where she has been staying. She said: "My father was the last foreign guest received by Chairman Mao Zedong. I am very happy to have the opportunity to visit Beijing at a time when the Chinese people are solemnly commemorating the 100th birth anniversary of Chairman Mao Zedong."

Speaking on bilateral relations, Benazir Bhutto said: Pakistan and China have been maintaining good relations for decades. "Pakistan and China have completely identical views on international and regional issues." She said: The relations between Pakistan and China have withstood the test of times and are a "model" of bilateral relations. She pointed out that such good relations are based on "mutual trust and common ideals." During her visit to China, the two countries signed five documents on strengthening bilateral economic and technological cooperation.

She said: Pakistan is convinced that China can play a positive role in promoting economic development and stability in the world. Pakistan supports China's stands on human rights and other issues.

Touching on the international situation, Prime Minister Benazir Bhutto said: At present, there is the trend of domination of developing countries by the developed countries in the world. Pakistan and China both firmly oppose regional and international hegemonism in various forms. The two countries will make joint efforts to establish a new international political and economic order based on the principle of the UN Charter and to promote stability and development in the world.

Benazir Bhutto said: During her visit, she exchanged opinions with Chinese leaders on relations between Pakistan and India and the regional situation in the Middle East and Central Asia. She said that both Pakistan and China support efforts to establish a nuclear free zone in South Asia. She briefed Chinese leaders on the situation in the Kashmir region and secret talks between foreign ministers of Pakistan and India. China has expressed understanding of Pakistan's stand on the Kashmir issue and noted that it should be solved by Pakistan and India through peaceful negotiation.

Concerning the U.S. sanctions imposed on Pakistan and China for violating the system of controlling missiles and related technologies, Benazir Bhutto said: Pakistan expresses regret over the U.S. sanctions. She held that the U.S. decision was totally based on erroneous intelligence, and "hoped that the U.S. Government would reexamine its decision."

When a reporter asked her if she would discuss the DPRK's nuclear issue during her forthcoming DPRK visit, Benazir Bhutto said her DPRK visit would concentrate on discussing bilateral cooperation instead of international issues.

Islamabad Radio on Remarks

BK2912073393 Islamabad Radio Pakistan Network in Urdu 0600 GMT 29 Dec 93

[Text] Prime Minister Ms. Benazir Bhutto has said that the Chinese leaders have wholeheartedly supported the Pakistani stand on Kashmir and have expressed concern over the miserable condition of the Kashmiri people in occupied Kashmir. Addressing a news conference before leaving for the Democratic People's Republic of Korea, she urged India to hold serious talks with Pakistan at the foreign secretaries' level to find a solution to the Kashmir dispute. She said that India should not use the talks as a delaying tactic. The prime minister asked India to allow any third party to intervene to resolve the Kashmir problem.

Referring to a Voice of America report, she said that it is a baseless report and Pakistan has not made any request to China to mediate between Pakistan and India on the Kashmir issue.

On the situation in occupied Kashmir, Ms. Benazir Bhutto said that the Indian forces are killing Kashmiris every day. The siege of the Hazratbal shrine has not yet been lifted and there has been no let up in atrocities.

In reply to a question on the Indian military buildup, she said that it is not a matter of concern for the South Asian countries alone but for other countries, including those of the Gulf and Pacific regions. To a question on the joint PRC-Pakistan missile program and the U.S. objection to it, the prime minister replied that Pakistan has never violated the Missile Technology Control Regime, MTCR, adding that Pakistan hopes the United States will review its decision.

On nuclear nonproliferation in the region, she said that the PRC has supported the Pakistani proposal to declare South Asia a nuclear-free zone and convene a five-nation conference in this regard. Answering a question on the normalization of relations between China and India, she said that it will not have any adverse effect on Pakistan-PRC ties. Later, the prime minister was accorded a warm send-off when she left Beijing for the DPRK after a three-day state visit to the PRC.

Further Islamabad Radio Report

BK2912091793 Islamabad Radio Pakistan Overseas Service in English 0800 GMT 29 Dec 93

[Excerpts] The prime minister, Ms. Benazir Bhutto, has said the Chinese leaders have fully appreciated Pakistan's stand on the Kashmir issue and expressed their concern on the plight of Kashmiri people in occupied Kashmir. Addressing a news conference before her departure for the Democratic People's Republic of Korea, she urged India to enter into dialogue with Pakistan at the foreign secretary level with sincerity to find out a lasting solution of the Kashmir dispute. [passage omitted]

The prime minister described her talks with the Chinese leaders as fruitful and constructive. She said that during the talks there was complete understanding between the two countries on regional and international issues. Referring to her visit to North Korea, she said that it is not in the context of global situation but it is a bilateral visit, as the two countries have long-standing friendship and economic cooperation.

The prime minister has now arrived in Pyongyang on a two-day official visit to the Democratic People's Republic of Korea. She was received at the airport by the North Korean prime minister, Mr. Kang Song-san.

Earlier, the prime minister was given a warm send off when she left Beijing for the Democratic People's Republic of Korea after a three-day official visit to China.

Qian Qichen, Pakistani Counterpart Meet
OW2812141193 Beijing XINHUA in English
1356 GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—Vice-Premier and Foreign Minister Qian Qichen met with Pakistan Foreign Minister Sardar Asif Ahmad Ali and they exchanged ideas on bilateral relations and regional issues here today.

Sardar Asif Ahmad Ali is among the entourage of Pakistan Prime Minister Benazir Bhutto, who is now paying an official visit to China.

The two foreign ministers agreed that talks and meetings during Benazir Bhutto's current successful visit are fruitful, which will provide a strong impetus to the development of Sino-Pakistan friendly relations of cooperation.

Ali told Qian that Pakistan and India have decided to hold talks at foreign secretary level on the Kashmir issue on January 1, 1994, when briefing Qian on his recent discussion with the Indian foreign minister in Dakar.

Qian said that China hopes the negotiation will be able to set a sound beginning for the solution of the Kashmir issue through peaceful talks.

Qian appreciated Pakistan's active role in solving the Afghanistan conflicts, adding that he was confident Pakistan will contribute more to promoting peace and stability in Asia.

Qian accepted with pleasure Ali's invitation for him to visit Pakistan.

Pakistani Foreign Minister Views Beijing Talks
BK2912044593 Islamabad Radio Pakistan Network in Urdu 0200 GMT 29 Dec 93

[Text] Foreign Minister Sardar Asif Ahmad Ali has said that during the talks held in the last two days China has shown more warmth than ever before. He expressed the

view at a press briefing after the meeting between Prime Minister Ms. Benazir Bhutto and Li Peng in Beijing last night. He said that there has been a remarkable change in Pakistan-PRC relations compared with those of the last two or three years. China now seeks much closer ties with Pakistan; and in seeking closer PRC-Pakistan ties, reference is also being made to issues in South Asia and other parts of world. He said that there is no justification for thinking that a reduction of tension between China and India will have a negative effect on Pakistan-PRC relations.

Sardar Asif Ahmad Ali had a separate meeting with Chinese Foreign Minister Qian Qichen. He apprised his Chinese counterpart that India is engaged in a massive build up of its naval strength and is increasing its military expenditure. It has also developed long-range missiles such as Agni and Prithvi. He said that Pakistan and many other countries in the region are worried over this massive military buildup by India.

The PRC foreign minister shared Pakistan's viewpoint and apprehensions regarding India's military buildup. He said that China would like India to curtail its military expenditure because India's economy cannot bear it.

VOA Report on PRC Kashmir Mediation 'Refuted'

BK2912055193 Islamabad Radio Pakistan Network in Urdu 0200 GMT 29 Dec 93

[Text] Pakistan has refuted the Voice of America [VOA] report which said that Pakistan has sought Chinese mediation on the Kashmir issue. According to APP, Tanvir Ahmad Khan, secretary of the Ministry of Information and Broadcasting, said in Beijing that Pakistan has never asked PRC to play a mediatory role between Pakistan and India on the issue of the disputed state of Jammu and Kashmir. Therefore, the question of rejecting this request does not arise at all, he added.

Political & Social

Human Rights Society Holds Board Meeting

Discuss Theory, Practice

OW2812161293 Beijing XINHUA in English
1437 GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—The Human Rights Society of China held a meeting of the executive directors here today.

More than 30 experts and scholars attended the meeting. They decided to carry out all-round study of human rights theory and practice in a wide range in order to accelerate the founding and development of human rights theory of China.

Zhu Muzhi, president of the society and former director of the State Council's Information Office, presided over the meeting.

The Human Rights Society was set up early this year by a number of universities, research institutes, academic societies and mass organisations such as trade unions and women's federations. It is a non-governmental organisation.

The society has so far held 37 symposiums on human rights this year. In May this year it sent delegates to Bangkok to attend the Asia preparatory meeting for the World Human Rights Conference and in June its delegates attended that conference in Vienna.

Zhu Muzhi on Human Rights

OW2912043693 Beijing XINHUA Domestic Service in Chinese 0804 GMT 28 Dec 93

["Text" of "question and answer session" with Zhu Muzhi, president of the China Society for the Study of Human Rights, by unidentified reporters on 27 December—place not given; Beijing Central Television Program One Network in Mandarin at 1420 GMT on 28 December broadcasts an 18-minute video report on Zhu Muzhi's meeting with reporters; differences between the XINHUA Domestic "text" and the Beijing TV report are noted below]

[Text] Beijing, 28 Dec (XINHUA)—Zhu Muzhi, president of the China Society for the Study of Human Rights [CSSHR], answered reporters' questions on human rights issues on 27 December. The following is the text of the question and answer session:

[Reporter]: Will you please give us a briefing on the China Society for the Study of Human Rights and its work?

[Zhu Muzhi]: The China Society for the Study of Human Rights is a nongovernmental organization founded at the beginning of this year in response to the proposals of scholars and experts from China's institutions of higher

learning, research institutes, academic organizations, trade unions, women's federations, and other mass organizations who study and are concerned with human rights issues.

The society's principal tasks are: Studying human rights theories and practice in China; studying human rights theories and practices in foreign countries; developing relations with foreign human rights organizations and participating in international activities related to human rights.

In accordance with its national conditions, China has shaped its own human rights theory and practice for a long time. In the process of building socialism with Chinese characteristics in China, rapid progress has been made in political, economic, cultural, and social sectors. As rapid and great changes have taken place, new developments in human rights theories and practices are bound to follow. All of these await our careful study.

Internationally, as countries differ in their national conditions, so do their theories and practices concerning human rights. Since the subject of human rights has become an issue of universal concern, we need to conscientiously study the human rights theories and practices of various countries. This will help us enhance our understanding and absorb what is useful for China. [preceding two paragraphs omitted in TV report]

In March this year the CSSHR sent a delegation to Bangkok to attend the World Human Rights Congress' Asian region preparatory meeting. In June this year, it also sent a delegation to attend the World Human Rights Congress in Vienna. By attending the two meetings, we witnessed that China's human rights theory and practice not only received attention from the world, but also had great impact internationally; at the same time, we also realized that some people in the West have many misunderstandings about or even prejudices against China. Therefore, in the future, the CSSHR will strengthen contacts with human rights organizations in various countries and will continue to participate in international human rights meetings in order to promote mutual understanding and cooperation.

[Reporter]: Can you please briefly discuss your basic views on the issue of human rights?

[Zhu]: I completely agree with the viewpoints expounded by the white paper on "Human Rights in China." So I do not wish to restate those viewpoints here. Current international controversies over the human rights issue involve some fundamental questions. I am willing to discuss my views regarding some of the questions.

First, can there be different kinds of understanding and practices of human rights, or should there be only one kind of understanding and practice? China and many other countries endorse the first view, and this is entirely correct. Just as countries differ in their historical backgrounds, social systems, economic conditions, cultural

traditions, and religious beliefs, so do their understanding and practices on human rights. For example, can developing countries be the same as developed nations? Can countries which embrace Islam and Buddhism be the same as those which embrace Christianity? [rest of the paragraph omitted in TV report] During his recent meeting with President Clinton, President Jiang Zemin said: "In this world, there are over 1,000 ethnic groups in about 200 countries with different cultural traditions and ways of life. It is a good thing, and not a bad thing, that the world is rich and colorful. There should be mutual exchanges between different nations and cultures, which should share the fruits of human civilization. These exchanges can only be carried out by people on a voluntary basis and of their own free will." Are these views not entirely applicable to the human rights issue?

Second, are human rights above sovereign rights? The world consists of many countries. Countries do not wither away, and what is more, there is no world government uniting the entire world. Therefore, the sovereign rights of all countries must be respected in dealing with the human rights issue, and the means of safeguarding and promoting human rights should be basically decided by a country itself. [following four sentences were omitted in TV report] Otherwise, turmoil will result worldwide. I say "basically" because human rights also have another international aspect. All countries in the world unanimously oppose activities which seriously infringe on human rights—activities which endanger world peace and security such as colonialism, genocide, armed invasion, and international terrorism. The international community should intervene in and stop such activities. Even some conventions on human rights passed by the United Nations cannot be forced upon all countries. For example, the U.S. Congress has to this day not ratified the "International Convention on the Elimination of All Forms of Racial Discrimination," [following two phrases were omitted in TV report] the "International Covenant on Economic, Social, and Cultural Rights," the "International Convention on the Suppression and Punishment of the Crime of Apartheid," and the "Convention on the Elimination of All Forms of Discrimination Against Women," which were respectively adopted by the United Nations in 1965, 1966, 1973, and 1980.

The reality of the world is that strong and weak countries still exist, as well as power politics and hegemonism under which the strong bully the weak. Therefore, weak, small, and developing countries still have to rely on their sovereign rights to protect human rights. Without sovereign rights, one cannot talk about human rights. The old China is the most forceful testimony to this. At that time, what human rights did the Chinese people who faced imperialist aggression have? Comrade Deng Xiaoping said: "People support human rights, but they should not forget that state sovereignty exists." "Actually, state sovereignty is much more important than human rights" (pages 331 and 345 of Volume 3 of the *Selected Works of Deng Xiaoping*). These are famous dictums.

Third, there is the view that political rights are the most important or even the only form of human rights. We hold that human rights consist of subsistence, political, economic, development, social, and cultural rights, which are closely linked and inseparable. Many developing countries, or even some Westerners, hold similar views. The first view cannot be justified. [following six sentences were omitted in TV report] For instance, some people are of the opinion that China neglects or repudiates political rights by regarding the right to subsistence as the most important human right. This argument cannot withstand close examination. Let us not talk about the futility of discussing all other human rights without the right to subsistence. As the right to subsistence goes, why has the question of this right arisen? This is because many people do not have the right to subsistence. What infringes upon their right to subsistence and deprives them of it? In the China of the past, [following phrase and first word of next sentence were omitted in TV report] it was imperialist aggression and feudalistic and bureaucrat-capitalist oppression and exploitation. Therefore, the first thing to do to gain the right to subsistence is to overthrow these three big mountains. We should gain independence and democracy before we can develop production and solve the problem of clothing and feeding the people. Is this not a genuine question of political rights? How can we say fighting for the right to subsistence is to neglect or repudiate political rights? How can we completely separate subsistence and political rights?

Take as yet another example the saying circulating in the West that China is developing economically but is politically undemocratic. This is to say that China does not pay attention to political rights. People who view political rights as the most important or even the only form of human rights cannot explain away this contradictory saying. NEWSWEEK magazine of the United States says: "The majority of Americans believe that individual freedoms and democratic political systems are the prerequisites for economic success" (the 22 November 1993 issue). How can China be so economically developed without being democratic politically? Peyrefitte of France, in his article, shows the embarrassment of people who subscribe to this view: "We can hardly admit a country can develop along the path of the market economy in the absence of democracy. We, Westerners, can hardly imagine that an economically free country is not politically free as well (the 6 November 1993 issue of LE FIGARO magazine). As a matter of fact, this is not a complicated issue. The problem is that some people in the West not only regard political rights as the only form of human rights, but also take Western political democracy as the only model and deny the existence of other forms of political democracy. China is a socialist democracy in form. [the rest of the paragraph was omitted in TV report] We have always maintained that political democracy is not only necessary for gaining the right to subsistence, but it must be promoted simultaneously with economic development and the four modernizations. Without socialist democracy, there would not be

socialist modernization. China has always carried out reforms of both its economic and political systems. Because of this, it has inspired unprecedented enthusiasm among the broad masses of people and brought about tremendous economic development.

The essence of political democracy lies in letting the people enjoy the right to seek their own interests and happiness. [following two sentences were omitted in TV report] Therefore, whether or not a government acts in accordance with the aspirations and demands of the majority of the people is the fundamental criterion by which to judge whether or not its people really enjoy political democracy. No matter how democratic one may claim to be by words of mouth or however democratic one may act outwardly, while in reality if one acts in accordance with the interests of the minority instead of in accordance with the wishes and demands of the majority of people, then it will not be truly democratic. Presently, what are the pressing wishes and demands of the majority of the Chinese people? They are: to continuously maintain stability and unity in the political front, to be able to enjoy comfortable lives, and for the country to become prosperous and powerful as soon as possible. The basic line with economic construction as the central task that China is pursuing and implementing is entirely in conformity with the wishes and demands of the majority of people. Regardless of whatever political mode it may be, so long as it can practically ensure that it will act in conformity with the wishes and demands of the majority of people, then only then will it be deemed most suitable for this country. Chinese socialist democracy has achieved that.

[Reporter]: In the past year, what are the salient characteristics that surround the struggle for human rights on the international scene?

[Zhu]: The struggle for human rights issue internationally has been crystallized and fully reflected at the World Conference on Human Rights held this year. Briefly, it displayed the following principal characteristics:

1. Because countries in the world differ in their national conditions, so do their understanding and stand in regard to human rights, especially apparent is the disparity between developing nations and developed nations in this respect. [rest of paragraph omitted in TV report] Prior to the World Human Rights Conference, some regions had convened preparatory meetings and issued their respective declarations. The Asian Regional Preparatory Meeting issued the "Bangkok Declaration," that represented the views of the majority of the Asian countries. These views are a far cry from those of the Western countries.

2. Some developed countries have always claimed that their concepts and modes of human rights are the only correct ones, and they have always resorted to various means to impose them on other countries, particularly on some developing countries. [rest of paragraph omitted in TV report] This practice of forcing their ideas

on others is certainly bound to meet resistance and opposition. The struggle between pressurizing and anti-pressure sides will continue.

3. China has been one of the major targets of attack by Western countries on the human rights issue. At some conferences, some countries often attempted to condemn China on the basis of certain distorted and fabricated materials. [following two sentences were omitted in TV report] In disregard of the truth, they have accused China of invading Tibet and depriving the Tibetan people of their human rights. Moreover, they have attempted to pass resolutions designed to intervene in China's internal affairs and to encourage efforts to divide China. However, China has won the support from many justice-upholding countries, especially from the developing countries, thereby completely foiling the schemes of those countries.

[Reporter]: With the advent of the new year, would you please comment on the outlook on the human rights issue.

[Zhu]: At present, the world is not peaceful. The two most important issues of peace and development are yet to be resolved. Nevertheless, the human rights issue will still become one of the focal points of international struggle. [rest of paragraph omitted in TV report] This is because some countries are always intent on exploiting the issue of human rights as their tactic to exert pressure on other countries to realize their ulterior motives. Obviously this is not favorable to the solution of the two main themes of peace and development.

It is normal for different countries to have different ways of understanding and implementing human rights. We favor dialogue to achieve the goal of mutual understanding and mutual promotion. [following sentence omitted in TV report] It is heartening that currently many people agree to settle issues through dialogue. However, I feel that to conduct dialogue, all sides should have a correct attitude and observe some basic standards.

First, it is necessary to respect facts. Dialogue will not be possible if it is based on facts lacking authenticity and accuracy, rumors, groundless accusations, and even distorted or fabricated information. Take, for example, Tibet, an issue now hotly talked about. It has been fully proven by historical facts that Tibet has always been part of Chinese territory. Like other Chinese provinces, Tibet was liberated in 1951, but the liberation was called an "invasion of Tibet." Under the previous serfdom system, Tibet's broad masses had no personal freedom at all, let alone human rights. After liberation, the Tibetan people have become the masters of the country, and gained political equality, economic development, and improved living standards. However, some people insist that the Tibetan people have lost their human rights. If facts are not respected, dialogue can only result in a situation in which abuses will be hurled at the other side.

Second, dialogue must on an equal and fair basis. "Face-to-face" talk can be possible only when it is held on an equal footing. When one uses one's strength to bully the weak, forces one's views on others, claims to be the best and only correct one in the world, and insists that all matters should be carried out according to one's opinions, how can dialogue be held? [rest of paragraph omitted in TV report] Fairness means right and wrong must be clearly stated. One must not use lame arguments to confound right with wrong. When one makes an obvious mistake, one must admit the mistake and must apologize. If one insists that one's action is right even if it is a mistake, what significance does this kind of dialogue have?

Third, dialogue must be conducted with a scientific approach and must seek truth from facts. [following seven sentences omitted in TV report] Human rights are a product of social development, which explicitly put forward only after the 17th and 18th centuries. The situation of the development process of human rights varies in different countries. Even the initial human rights situation of the United States and France, the first countries to put forward the human rights concept, was not what it is today. For example, the "Declaration of Independence," issued in 1776 by the United States, proposed that all Men are created equal and endowed by their Creator with the unalienable Rights of Life, Liberty, and the Pursuit of Happiness. However, it did not abolish the black slavery system. It was not until 1865 that slavery was abolished by law; and blacks were given voting rights only after World War Two. Racial discrimination against blacks has not been totally eradicated even today. Therefore, one must look at the human rights issue of a particular country from the viewpoints of history and development instead of pure ideals. Furthermore, one should not force one's models upon others. Dialogue can be productive only when it is conducted with a scientific and realistic approach.

Of course, there are still some other points we should pay attention to in holding dialogue. However, I feel that the above points should be the basic requirements. [preceding paragraph omitted in TV report]

I am optimistic about the human rights issue as the global human rights situation will be increasingly improved eventually, and the act of using the human rights issue to promote power politics and hegemonism will ultimately fail.

Hijackings Prompt 'Stringent' Security Measures

HK2912064093 Beijing CHINA DAILY in English 29 Dec 93 p 3

[By staff reporter Xie Yicheng: "Airport Boosts Security Checks"]

[Text] Long queues are commonplace at Beijing Capital International Airport's security gates now that all passengers flying to eight southeast coastal cities must have their bags searched.

The stringent measures are among several taken by the airport following the hijacking of several mainland jetliners to Taiwan this year.

The airport has expanded its list of articles banned from being carried onto airliners to include scissors, hair sprays and all kinds of knives.

The airport has enlarged its checkpoint staff from 200 in August to more than 260 people today.

"We are making efforts to upgrade our professional training to international standards," said Wang Zhengqing, head of the airport's security checkpoint.

A special training agency will be soon established and outfitted with advanced detection devices.

The airport had examined 7.18 million people and 22 million pieces of luggage by the end of November. It uncovered 12,200 pieces of contraband including 61 firearms, 551 bullets and 268 electric stun guns, police sticks and tear gas weapons, as well as confidential State papers, protected relics and animals.

"We keep two things in mind: To guarantee traveller safety and to improve service," Wang said. "But considering current conditions, it's not easy to tighten inspections while attempting to let travellers pass without a hitch."

Since carry-on bag searches were introduced in mid-November, the checkpoint has only been able to process three or four passengers each minute compared with eight or nine persons before.

During peak periods, the security check lines have caused overcrowding and flight delays.

"Yet the majority of travellers have been understanding and co-operative regarding our stringent check-in procedures," Wang said.

To speed inspections, the airport plans to add another two channels for domestic flights early next year. Currently, all four domestic and all three international security gates are being used.

Deng Urges Faster Growth During Beijing Tour

HK2912033593 Hong Kong TA KUNG PAO in Chinese 29 Dec 93 p 2

["Special dispatch" from Beijing by staff reporter Ma Ling (7456 3781): "Beijing Vice Mayor Zhang Baifa Revealed That Deng Xiaoping Toured Beijing With Great Interest, Planning To Stroll Around Beijing Bazaars"]

[Text] Zhang Baifa, executive vice mayor of Beijing, said that Deng Xiaoping was not present at the rally to mark the centennial of Mao Zedong's birth, which was held in Beijing on 26 December, because he holds that he is just one of the common people and should not appear on such occasions and affect other leaders. Zhang Baifa

revealed that at a tree planting in 1990, Deng Xiaoping said: I cannot participate in concrete activities, or reporters will all come to me to the neglect of other leading cadres. Now, I am one of the common people. It is necessary to give more publicity to them.

Zhang Baifa made these remarks when asked by reporters this evening at a reception for foreign journalists and information officers of foreign embassies in Beijing, which was sponsored by the Beijing Municipal Government.

When asked about Deng's attitude toward China's economic development, which he told Zhang about during his tour of Beijing on 31 October and which was exclusively reported by our newspaper on 27 November, Zhang Baifa said: Deng Xiaoping is in favor of a faster rate of economic development. The main reason is that he believes the current peaceful environment is considerably good, and it is necessary to seize the opportunity to promote China's comprehensive national strength. Now, he thinks about this issue all the time.

Zhang also revealed that Deng showed great interest in his Beijing tour and was hoping to stroll around the city's shopping malls. It is planned that after spring next year, he will be invited to tour the city again.

Jiang Zemin, Li Peng Address Judicial Meeting

OW2712184593 Beijing XINHUA Domestic Service in Chinese 1544 GMT 24 Dec 93

[By RENMIN RIBAO reporter Chen Weiwei (7115 4850 0251) and XINHUA reporter Sun Benyao (1327 2609 1031)]

[Text] Beijing, 24 Dec (XINHUA)—Jiang Zemin, General Secretary of the CPC Central Committee, held discussions with delegates attending the national conference on the public security and judicial work [zheng fa gong zu 2398 3127 1562 0155; in documents for the 12th CPC National Congress, translated as "the work of public security, the procuratorate and the judiciary"]. The discussions took place in the Great Hall of the People this afternoon. He emphasized during the discussions: While paying attention to economic construction which is the central task, the party committees and governments at all levels, particularly the leading comrades of provinces, autonomous regions, and municipalities, must seriously analyze various factors of instability and adopt every possible effective measures to maintain social and political stability and ensure a smooth proceeding of reform, opening up, and modernization.

Jiang Zemin, Li Peng and some other central leading comrades held discussions today with some of the comrades attending the national public security and judicial work conference in Beijing. Present at the discussions were the responsible comrades in charge of the public security and judicial work and the responsible comrades of the public security and judicial committees of all provincial, autonomous regional, and municipal party

committees; members of the Central Public Security and Judicial Committee [zheng fa wei yuan hui 2398 3127 1201 0765 2585; in CHINA DIRECTORY, Radiopress, rendered as Central Commission of Political Science and Law]; responsible comrades of relevant departments of central and state organs and major units of the People's Liberation Army; and the comrades concerned of the organs under the Central Public Security and Judicial Committee.

Ren Jianxin, member of the CPC Central Committee Secretariat and secretary of the Central Public Security and Judicial Committee, presided over the discussion meeting. Shu Huaide, deputy secretary of the Central Public Security and Judicial Committee, delivered a report. Some local officials reported the public security and judicial work of their respective localities. They included Wang Tong, member of the standing committee and secretary of the Public Security and Judicial Committee of the Beijing Municipal CPC Committee; Chen Shaoji, member of the standing committee and secretary of the Public Security and Judicial Committee of the Guangdong Provincial CPC Committee; Zhu Daren, member of the standing committee of the Shanghai Municipal CPC Committee and director of the Municipal Public Security Bureau; and Hu Kehui, member of the standing committee and secretary of the Public Security and Judicial Committee of the Guizhou Provincial CPC Committee.

After listening to their reports, General Secretary Jiang Zemin and Premier Li Peng delivered important speeches.

Jiang Zemin said: Over the last year or so, the public security and judicial departments, working under the leadership of the party committees and governments at various levels, have overcome difficulties, stepped up the public security and judicial work and the comprehensive efforts to improve public order, frustrated the sabotage [yin mou po huai huo dong 7113 6180 4275 0975 3172 0520] by the hostile forces at home and abroad, properly handled some incidents of great impact, and waged a sustained anti-crime struggle. During the anti-corruption struggle, they have actively investigated and handled major cases and forcefully maintained political and social stability. Their achievements are remarkable. On behalf of the Party Central Committee and the State Council, I would like to give my cordial regards to the vast number of police and officers and men of the armed police force working on the public security and judicial front.

Jiang Zemin pointed out: The public security and judicial work has always been linked to changes in the international and domestic situation. At present, the role of economic factors has noticeably become greater in international relations. During the big change, more conditions have noticeably become favorable to us. In the multi-polar world, China's strategic position has become noticeably more important. These are the favorable external conditions for our efforts to accelerate

reform and development. Concerning our domestic situation, I have described it as characterized by economic development, political stability, national unity and social progress. The Third Plenary Session of the 14th CPC Central Committee has put forward a splendid blueprint for the establishment of socialist market economy, indicating that our reform and opening up will be further deepened and expanded. So long as our work is done well, our domestic situation will certainly become better and better, year after year.

Jiang Zemin said: Comrade Xiaoping has repeatedly issued unequivocal and profound instructions on maintaining social and political stability. He said: "Stability and unity are very important." "The overriding issue in China is stability. Without a stable environment, we can accomplish nothing, and we will even lose what we have already achieved." "China cannot afford unrest. This should be stressed and publicized over and over." He has repeatedly emphasized the necessity to "build both material and spiritual civilizations and attach equal importance to both," and to implement this strategic principle firmly. These expositions of Comrade Xiaoping's have brilliantly expounded the dialectic relationship among stability, development and reform. Our practice has proven that all of them are correct.

Jiang Zemin said: As the pace of reform accelerates next year, the task of safeguarding political and social stability will become even more arduous. Leaders at all levels should know how to promptly and correctly analyze the situation, remain sober-minded, constantly summarize the experience, and find out problems earlier to work out countermeasures in advance and always control the initiative of the struggle. Everyone must—out of a strong sense of responsibility toward the party, state, and nation—recognize the importance of social and political stability; uphold the policy of fostering both material and cultural and ideological progress, attaching equal importance to both; and promptly eliminate destabilizing factors to maintain a stable social environment and guarantee the smooth progress of reform, opening up, and modernization.

Touching on the urgent tasks facing the public security and judicial front, Jiang Zemin said: First, we must attach great importance to the work of safeguarding political stability and national security; second, we must uphold the policy of "harsh punishment" to ruthlessly crack down on all types of criminal offense; third, we must correctly handle the contradictions among the people in the new period to eliminate all kinds of destabilizing factors; fourth, we must wage an in-depth struggle against corruption and make earnest efforts to produce interim results; and fifth, we must take further steps to strengthen the building of the legal system.

Jiang Zemin said: Public security and judicial departments are important organs for exercising the people's democratic dictatorship. Safeguarding the general interests of social and political stability is out of the question without the powerful "fist"—public security and judicial

organs. On the other hand, relying on public security and judicial organs alone is not enough. Firmly relying on the masses in safeguarding social and political stability has always been a strong point and fine tradition of our public security and judicial work. In the new historical conditions, we must continue to bring into play this strong point and carry forward this fine tradition. We must adopt the mass line in public security and judicial work. We must not be content with general calls; instead, we must explore and gradually find a set of effective measures for the new situation.

Jiang Zemin pointed out: Public security and judicial ranks must earnestly improve themselves. Public security and judicial organs and ranks not only find themselves in the large environment of reform, opening up, and a commodity economy, but also find themselves on the first line of face-to-face struggle against illegal acts, crimes, and all kinds of corrupt phenomena. Therefore, it is extremely important for them to build themselves well. Our public security and judicial ranks are a good contingent having the trust of the party and people. The overwhelming majority of public security and judicial personnel are loyal to the party and people and honest in performing official duties, and have dedicated themselves selflessly to the party and people. However, we must not ignore the question of corruption among a handful of people. When public security and judicial personnel break the law knowingly while enforcing it, the harm caused will be greater. Therefore, leading comrades of public security and judicial organs at all levels must spend a large amount of their energies on building well public security and judicial ranks. The leading bodies of public security and judicial organs at various levels must maintain high political standards, have a fine style of work, and become competent in work by improving themselves.

Jiang Zemin stressed: We must strengthen and improve the party's leadership over public security and judicial work. This is a principle we have always upheld. In the entire process of reform, opening up, and modernization, we must strengthen public security and judicial work; we cannot afford to weaken it. Party committees at all levels must vigorously strengthen their leadership over and support public security and judicial work. The most important thing is to lead and support public security and judicial organs in upholding the basic line of "one center, two basic points" and in overcoming resistance and interference and strictly enforce the law. We must arm ourselves with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. In light of the new situation of building a socialist market economic structure, we must strengthen investigation and research in public security and judicial work, particularly new developments and changes in contemporary social contradictions, and in new destabilizing factors created as a result of the adjustment of interests structure as reform deepens and opening-up widens. We must do so to provide effective principles and policy guidance. Under the leadership of the Central Committee and party committees at various level, we must

push forward public security and judicial reform in a well-planned way and step by step, to meet the needs of modernization. Party committees and governments at all levels must concern themselves with public security and judicial work and help public security and judicial organs overcome difficulties and problems in their work.

Jiang Zemin pointed out: Public security and judicial commissions under party committees at different levels are a good organizational model to strengthen party leadership over public security and judicial work. In our party's history, we coordinated the efforts of public security and judicial organs to bring into play the overall functions of the people's democratic dictatorship under unified party leadership. We must carry forward this historical experience under the new circumstances.

In his speech, Li Peng said: Thanks to the arduous efforts and diligent work by officers and men on the public security and judicial front across the country, this year's public security and judicial work has made great progress. It has strongly safeguarded our country's political and social stability and provided better legal safeguard and more and more legal services for developing the socialist market economy. With the concern and support of party committees and governments at all levels, the building of public security and judicial ranks has also made new progress. The vast numbers of public security and judicial officers and men displayed the spirit of plain living and hard struggle and worked in a selfless manner, enduring great hardships. Public security and judicial ranks are a contingent of personnel who are politically firm and brave and skillful in battle. It is a contingent in which the party and people have complete trust. I hope everyone will make persistent efforts to achieve greater success in the new year.

Li Peng pointed out: Next year will be very crucial as we will promulgate a series of reform measures and take a major step toward socialist market economy. Given the new situation and tasks, we need especially to strengthen public security and judicial work to create a favorable social environment for reform and development.

Li Peng stressed: Party and government leaders at all levels, especially principal responsible comrades of the government, must all attach great importance to public security and judicial work, strengthen their leadership over it, provide it with strong support, and help overcome difficulties in work. Public security and judicial organs at all levels must take further steps to improve themselves, truthfully serve the masses to win their support, firmly rely on them, and protect those who have the courage to fight criminals. We must resolutely crack down on criminal gangs. Particularly, we must not allow the "underworld" to exist in our society; we must nip it in the bud as soon as it appears.

Li Peng said: In attracting foreign capital, we must do so mainly by improving our investment environment and by relying on our vast market; we must not seek to attract foreign capital by sacrificing our spiritual civilization.

Li Peng stressed: We must strengthen our work from every aspect to safeguard stability and ensure the smooth progress of the socialist market economy. He said: To safeguard political stability, we must first unify the understanding of our leading cadres at different levels and arm all party comrades, especially leading cadres at different levels, with the discussion on "fostering both material and cultural and ideological progress" contained in Volume 3 of the *Selected Works of Deng Xiaoping*. Second, we must rely on the masses. Relying on the broad masses of people is our important magic weapon in conquering the enemy. Third, we must attach great importance to strengthening grass-roots party and government organization building. Fourth, we must bring into full play the functions of public security and judicial organs.

Li Peng said: Building socialist market economic structure is a brand new undertaking, a gigantic systems engineering project. It requires the coordination of all sectors, particularly public security and judicial departments, to create a favorable social environment and effective legal safeguard and service.

Luo Gan, state councillor; Zhang Siqing, procurator-general of the Supreme People's Procuratorate; and other leading comrades also took part in the discussions.

Li Peng Inscribes for Traditional Medicine College

OW2812171093 Beijing XINHUA in English 1314
GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—The Beijing College of Traditional Chinese Medicine, the key national college of Chinese medicine, today changed its name to the Beijing university of traditional Chinese medicine.

Premier Li Peng wrote a message for the university, which reads: "train capable people in order to invigorate the cause of traditional Chinese medicine."

In another message, Tian Jiyun, vice-chairman of the Standing Committee of the National People's Congress, wrote: "carry forward traditional Chinese medicine to serve China's modernization drive."

Vice-Premier Li Lanqing sent a message asking the university to train as many doctors of Chinese medicine as possible.

A university executive said that since 1957 his university has trained nearly 1,000 traditional Chinese medicine doctors for 79 countries and regions.

Now, 280 students from 38 countries and regions are studying at the university, he added.

The university is also cooperating with its counterparts in nine countries and regions in setting up schools, hospitals, clinics and research institutes overseas, he said.

Hu Jintao Inspects Yunnan Province 16-24 Dec
OW2412141893 Beijing XINHUA in English 1401
GMT 24 Dec 93

[Text] Beijing, December 24 (XINHUA)—Hu Jintao, a member of the Standing Committee of the Chinese Communist Party's Politburo, said that party construction must be further strengthened and improved in the process of establishing the structure of socialist market economy.

Hu made the remark during an inspection tour of southwest China's Yunnan Province.

He visited enterprises, economic development zones, rural families and villages inhabited by ethnic minorities during his tour from December 16 to 24. Party construction was the main topic he discussed with local officials.

Hu pointed out that the construction of the party should be centered on the country's drive for modernization. Party organizations should constantly study new situations and explore methods to solve new problems.

He said that party members must be organized to study the third volume of "The Selected Works of Deng Xiaoping" in order to gain a better understanding of the theory on building socialism with Chinese characteristics.

The construction of the grassroots party organizations must be strengthened, and the campaign against corruption must be continued in order to build a clean government, Hu said.

Chen Junsheng Inspects Hunan Province 21-23 Dec

HK2512045293 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 23 Dec 93

[Text] State Councillor Chen Junsheng inspected Hunan from 21 to 23 December during time which he stressed the need to speedily establish a central and provincial risk-bearing mechanism to protect the peasants' initiative in grain production, to control grain prices, and to stabilize markets.

Accompanied by Vice Governor Wang Keying, a group of 14 people including State Councillor Chen Junsheng, Agriculture Vice Minister Zhang Yanxi, and Yang Yingzhi, deputy director of the State Council Research Office, inspected the Langli grain store, the Fawang grain and oil store, the Langli marketplace, and the Langli automobile factory, all in Changsha County. They visited peasant households in Ganshan Township and listened to reports by comrades in charge of the provincial price bureau, the provincial grain bureau, and the provincial agriculture department on grain production and the peasants' income. They held talks with the party secretaries and chiefs of six counties on the impact of grain price increases on poor areas.

While inspecting these localities and listening to reports, Chen Junsheng stressed the importance of establishing a risk-bearing foundation for grain. He said: Establishing a grain risk-bearing foundation will help stabilize rational grain purchase prices, promote grain production, and control grain market prices. He pointed out: There is a need to conscientiously discuss reforming the grain purchase, marketing, and circulation system. Grain departments should first control the purchase, processing, and wholesale links to ensure that the state will have grain resources and stabilize grain markets.

On the people's lives in poor areas, Chen Junsheng said: The Central Committee and the State Council are very concerned about poor areas, the state policy of assisting poor areas will not change, and all localities should pay attention to winter agricultural production and help the peasant households who are short of grain to resolve the problem. In the meantime, Chen Junsheng asked all localities to repair and build irrigation projects so as to lay a good foundation for next year's agricultural harvest.

Reportage on NPC Standing Committee Session

Accounting Law To Be Amended

HK2412090893 Beijing CHINA DAILY in English 23
Dec 93 p 1

[By staff reporter Ma Chenguang: "Accountants Given Greater Latitude"]

[Text] Top Chinese legislators yesterday deliberated amendments to the existing Accounting Law, which will give the country's accounting personnel the power to curb financial irregularities by rejecting clients' illegal bills.

Currently, the legislators say, some leaders of governmental organs and State-owned enterprises are turning in fraudulent bills to cover their overspending and forcing their accountants to justify the expenses.

To stem the trend, participants at the ongoing fifth session of the Standing Committee of the National People's Congress (NPC) said, it is necessary to empower accounting personnel and accounting offices to reject or correct illegal bills.

Accountants should be able to file written reports with administrative heads in their units or, if unsatisfied, refer their complaints to a higher authority, the lawmakers suggested at a panel discussion yesterday.

NPC Standing Committee member Feng Kexi asked participants to clarify the role of accountants at private-run enterprises, which are spreading across the country.

In enterprises where accountants have no right to question managers, it is easy to initiate forgery, he added.

Another panel member, Li Xuezhi, said reform measures should strengthen the role of accountants as economic

watchdogs: Deputy Lin Lanying added that accounting documents, books, statements and other information must be authentic, accurate and complete to avoid forgery.

It is necessary to computerize documents, a process now under way in 60 per cent of the country's large and medium-sized cities, to avoid forgery, she went on.

The lawmakers also suggested tough administrative or criminal penalties to forgers uncovered by administrative leaders or accounting personnel.

At panel discussions on Tuesday, legislators explored ways to perfect the draft Corporate Law that was submitted to the session for approval.

Reports on Motion Examination

OW2912082793 Beijing XINHUA Domestic Service in Chinese 0918 GMT 27 Dec 93

[Text] Beijing, 27 Dec (XINHUA) — Wang Chaowen, chairman of National People's Congress [NPC] Nationalities Committee; Cai Cheng, vice chairman of the NPC Law Committee; and Lin Liyun, vice chairman of the NPC Overseas Chinese Affairs Committee; today gave reports to the fifth meeting of the Eighth NPC Standing Committee on the results of examining motions referred to the committees by the Presidium of the First Session of the Eighth NPC.

The Presidium of the First Session referred nine motions to the Nationalities Committee for deliberation, of which four call for amending the Law on Autonomy for Nationalities Regions; three for the formulation of a law to protect equal rights for minority nationalities as soon as possible; one for the formulation of a law on ethnic minorities' spoken and written languages; and one for the examination and approval of draft regulations governing the autonomy of Guangxi Zhuang Autonomous Region as soon as possible.

In the report to the general session of the fifth meeting of the Eighth NPC Standing Committee, Wang Shaowen said: The Nationalities Committee examined these nine motions at its fifth meeting on 13 December 1993. He continued: The amendment to the autonomy law has been incorporated into the legislation plans of the Eighth NPC Nationalities and Standing Committees. Nationalities Committee members are closely attending to the pre-amendment preparatory work, and as soon as the draft amendment is readied, it will be submitted to the NPC Standing Committee for consideration. In regard to the scattered minority nationalities' equal rights protection law, the NPC Nationalities Committee's office began the drafting in 1986 and made 13 drafts in the past eight years. Recently, the drafts were presented for solicitation of opinions at forums of chairmen of nationalities committees under the people's congresses in various provinces, autonomous regions, and municipalities.

After being examined and approved by the NPC Nationalities Committee, the draft law will be presented to the NPC Standing Committee for deliberation as soon as possible.

Wang Chaowen said: The minority nationalities' spoken and written languages law has been included in the legislation plans of both the Seventh and Eighth NPC Nationalities and Standing Committees. The law was first drafted by the State Nationalities Affairs Commission with the assistance of the NPC Nationalities Committee and the State Language Committee. Presently, the State Nationalities Affairs Commission is carrying out the pre-drafting preparatory work. As for the regulations governing Guangxi Zhuang Autonomous Region's autonomy, it has taken 13 years now and 18 drafts have been made. Once the draft on the regulations governing the autonomous region's autonomy is formally presented to the NPC National Standing Committee, the Nationalities Committee will deliberate on it in accordance with the legal procedure, and will submit a report on results of its deliberations to the NPC Standing Committee.

In his report, Cai Cheng, vice chairman of the NPC Law Committee, said: The Presidium of the First Session of the Eighth NPC referred 24 motions submitted by NPC deputies to the Law Committee for deliberation, as well as a suggestion on whether the motions should be included in the NPC Standing Committee meeting's proposed agenda. After conducting investigations and studies, as well as consultations with various departments concerned, the Law Committee held a meeting on 15 December 1993 and examined these motions one by one.

Cai Cheng said: Among these 24 motions, one proposed the establishment of a Preliminary Working Committee [PWC] for the Preparatory Committee of the Hong Kong Special Administrative Region [SAR]. In accordance with the authorization given by the First Session of the Eighth NPC, the second meeting of the Eighth NPC Standing Committee on 2 July this year adopted a resolution on establishing the PWC for the Preparatory Committee of the Hong Kong SAR. Another motion is about the proposal for formulating a law on compensations for unjust and wrongly handled cases. Cai Cheng said: The fourth meeting of the Eighth NPC Standing Committee already listed a draft on State Compensation Law in its agenda and carried out initial examination. Regarding the motion calling on the NPC to vest the Xiamen City People's Congress and People's Government and the power of formulating relevant laws, rules, and regulations, the department concerned has prepared a draft, and efforts will be made to have it incorporated into the NPC Standing Committee meeting's agenda at an early date.

Cai Cheng said: Of these motions, 15 are related to amendments to the Election, the Local Organic, the Criminal, and the Criminal Procedural Laws, as well as proposals for enacting a supervision law. The relevant

department is stepping up investigation and study for working out drafts or amendment plans, and will incorporate them into a NPC Standing Committee meeting agenda according to the study's progress.

In regard to the six motions on enacting the Legislation Law, the National Defense Mobilization Law, and the Law on Protecting Armymen's Rights and Interests, Cai Cheng said: In view of the fact that these laws involve relatively wide aspects and complicated issues, some need further investigation and discussion, while others call for consultations with relevant departments to decide on a drafting unit. We have to wait for the finalization of the preparatory work before the motions can be listed in a NPC Standing Committee meeting agenda.

In respect to the "Motion on Formulating an 'Overseas Chinese Donations Protection Law'" and "Motion Requesting Intensified Efforts To Formulate 'Overseas Chinese Donations Protection Law,'" referred by the Presidium of the First Session of the Eighth NPC to the Overseas Chinese Affairs Committee, Lin Liyun said: The NPC Overseas Chinese Affairs Committee held its fifth meeting on 19 December and earnestly studied and examined these two motions. The committee members were of the opinion that it is very necessary and feasible to enact a law to protect Overseas Chinese donations to safeguard the Overseas Chinese compatriots' initiative in making donations as well as to protect donors' legitimate rights and interests. The Eighth NPC Overseas Chinese Affairs Committee will continue to incorporate the Overseas Chinese donations protection law into the five-year legislation plan. Currently, the NPC Overseas Chinese Affairs Committee is conducting intensive investigation and study, coordinating the views of various departments, actively preparing a draft, amending and improving the draft on the law concerning the protection of Overseas Chinese donations toward public welfare and social undertakings; the NPC Overseas Chinese Affairs Committee will actively carry out the work in this connection, and as soon as conditions are ripe, it will submit the draft to the NPC Standing Committee for consideration.

Civil Aviation Safety Tightened

OW2812213693 Beijing XINHUA Domestic Service in Chinese 0920 GMT 27 Dec 93

[Text] Beijing, 27 Dec (XINHUA)—Entrusted by the State Council, Jiang Zhuping, deputy-director of the Civil Aviation Administration of China [CAAC], gave a report this morning to the Fifth Session of the Eighth National People's Congress Standing Committee on tightening safety controls and improving administration in civil aviation.

Jiang Zhuping said: Since the Third Session of the 11th CPC Central Committee, China has entered into a brand new stage in its development of civil aviation, with sustained and rapid growth in air freight handling volume. The country's total air freight handling volume

will reach 5.2 billion tons/km by the end of this year, 17.4 times greater than the 1978 figure, representing an average annual growth rate of 21 percent; passenger transport volume will reach 34.8 million, 15 times the 1978 figure, representing an average annual growth rate of 19.8 percent. In 1991 and 1992, the country witnessed a growth rate of 28.3 percent and 32.9 percent, respectively, in its total air freight handling volume. This year's growth rate, which is under proper control, is more than 20 percent.

Jiang Zhuping continued: At present, China has 550 domestic flight routes, an increase of 400 over 1978. A total of 110 cities in the country can be reached by domestic flights, a growth of 33 over 1978. International flights reach 60 cities, an increase of 48 over 1978. Currently, there are 353 civil transportation planes, an increase of 232 over 1978. In the 1991-1993 period alone, China increased its number of civil transportation planes by 122. Meanwhile, the construction of infrastructure projects such as airfields, air traffic control, maintenance, and fuel supply has been accelerated, as has been the training of personnel. In accordance with the principle of separating government administration from enterprise management and separating airfield authorities from airline companies, the civil aviation system has conducted management reforms, thus casting aside traditional patterns of administration lasting several decades.

Jiang Zhuping said: Despite its rapid development, China's civil aviation still cannot meet the needs of reform, opening up, and economic development. There are quite a few shortcomings in the work, resulting in some serious accidents and hijackings. During the course of its rapid development, some new inconsistencies and problems have arisen. These inconsistencies and problems are as follows: First, the quality of personnel is not good enough. Second, compared with the expansion and renewal of the plane fleet as well as the increase in numbers of routes and flights, the construction of infrastructure projects is still seriously lagging behind. Third, the level of management is far from adequate. The abovementioned factors have seriously restricted the development of civil aviation and exerted a direct impact on the guarantee of safety and the promotion of service quality. The urgent task is to conscientiously strengthen safety management, put an end to a passive state of affairs, and take strict measures against the reoccurrence of accidents so as to ensure sustained, rapid, and sound development of civil aviation.

Jiang Zhuping said: Five passenger planes crashed this year, resulting in a death toll of 76 people, including 66 passengers and 10 crew members. Following investigations, serious punishment has been or is being meted out to the persons responsible for the accidents. More efforts will be made to investigate recent accidents so as to find out the reasons for such incidents.

Jiang Zhuping continued: Generally speaking, certain patterns are apparent in the air accidents of the past two

years. The first concerns flight crew performance. Accidents often occur during the takeoff and landing of the planes, revealing that some flight crew members perform poorly and are unable to handle emergencies. In addition, certain phenomena, such as disregarding safety rules and discipline, exist. This state of affairs constitutes the main problem affecting flight safety. Second, mechanical problems, which should never be overlooked, are responsible for accidents. Third, some companies are expanding their businesses too rapidly or give undue prominence to economic returns. Fourth, accidents involving branch companies of major airlines and local airlines formed in recent years have been frequent. Fifth, airport facilities are backward and unable to guarantee safety.

Jiang Zhuping said: The State Council has attached great importance to safety work in civil aviation. After the accident which occurred in Nanjing in July last year, the State Council issued an urgent circular on guaranteeing civil aviation safety and the CAAC took a series of measures to deal with problems existing in safety work, including issuing 10 items of order aimed at guaranteeing safety and conducting an overall safety campaign in all civil aviation activities. Faced with a severe situation, we should make a firm resolution to learn from the bloody lesson. We should spare no efforts to solve both outstanding problems that call for immediate attention and deep-seated ones. We should put an end to the bad situation as soon as possible by taking firm and effective measures and by insisting on overall treatment emphasizing curing a disease by examining its origins and symptoms. These measures are: 1) Resolutely carry out the principle of "safety, with an emphasis on prevention, is top priority." We should always place the guarantee of safety above everything else. 2) Take firm and effective measures to train and evaluate flight personnel and improve their technical quality and ability to handle emergencies. We should rigorously enforce flight discipline. 3) We should tighten the inspection of planes' flight capabilities and conscientiously improve plane maintenance. 4) Strengthen air traffic control as well as telecommunications and navigation systems. We should take active and proper measures to improve air traffic control systems. 5) Enhance macro-control and ensure the coordinated development of civil aviation. 6) Strengthen the construction of the legal system and accelerate the pace of administering civil aviation in accordance with law.

Jiang Zhuping said: Many passenger planes have been hijacked to Taiwan since this April. Most of the hijackers are ex-convicts. Frequent occurrence of hijackings have seriously endangered flight safety and have caused extremely adverse influences.

He continued: Regarding this severe situation regarding air defense safety, leaders of the State Council have issued many important instructions and the Ministry of Public Security and CAAC have adopted a series of measures and have obtained some results. However, hijackings have not been stopped, for many reasons. In

accordance with the guidelines of the CPC Central Committee and the State Council, the State Council General Office, together the Ministry of Public Security and CAAC, have conducted extensive studies of current hijackings and have decided to take more rigorous and effective measures to put a resolute stop to and crack down on such crime. These measures are as follows: Strengthen safety inspections aiming at nipping hijackings in the bud while potential hijackers are still on the ground; strengthen the sealing and management of airports and place separation zones under strict control; improve in-flight antihijacking work, enhance the crew members' awareness of the importance of antihijacking, and heighten their vigilance; and repatriate and severely punish hijackers to prevent hijackings.

Regarding the work of maintaining normal flight schedules and providing good service, Jiang Zhuping said: This is a knotty problem of long standing which has occasioned bitter complaints from Chinese and foreign passengers as well as from persons from all circles for a long time. Generally speaking, the following problems mainly exist in the work of maintaining normal flight schedules and providing good service: First, the bureaucratic complacency of commercial enterprises prevails to a serious extent, while the awareness of the importance of providing good service is low. Second, failure to maintain normal flight schedules occurs frequently. The current ability to fulfill these requirements is not satisfactory. Third, the quality of personnel is not good enough and their overall service ability is poor. Fourth, ground facilities are inadequate, which in turn affects service quality.

Jiang Zhuping said: To further improve the ability of maintaining normal flight schedules and service quality, CAAC will focus on the following six goals in the near future: exert great efforts to overcome major factors which affect normal flight schedules; further improve the work in handling delayed flight schedules; strengthen education in professional ethics and professional performance training, establish sound service standards and a system of job responsibility, strictly evaluate the service in each link, improve the wage system, and set up an incentive mechanism; improve ground facilities as soon as possible; take resolute actions to stop illegal trade practices; and gear the enterprises toward the market and establish a mechanism for supervising overall service.

More on Safety Control Tightening

OW2712095193 Beijing XINHUA in English 0925
GMT 27 Dec 93

[Text] Beijing, December 27 (XINHUA)—The Chinese Government has decided to take a series of tough measures to curb frequent air traffic accidents and hijackings.

"Top priority will be given to the training of flight crews, to the strict administration of maintenance and flights and to tough safety checks in the airports," said Jiang

Zhuping, deputy-director of the Civil Aviation Administration of China (CAAC). Jiang made the statement while addressing the ongoing Fifth Session of the Eighth National People's Congress (NPC) Standing Committee here today.

"Five passenger planes crashed this year with a death toll of 76 people. Another nine passenger planes were hijacked to Taiwan the same year", Jiang said.

In his speech, Jiang summarized the main factors that caused the accidents.

He said that some members of flight crews displayed poor performance during emergencies. Some civil aviation companies lack adequate safety and maintenance administration, and blindly focus on economic efficiency.

Jiang said China is suffering from a severe shortage in well-trained professional staff, particularly in flight administration, maintenance and safety supervision.

The official demanded that all the flight personnel in the country's civil aviation companies be well qualified and said they should strictly abide by the relevant rules and regulations.

The deputy-director said that CAAC will set limits on the number of planes purchased or rented by various aviation companies.

On hijackings, the deputy-director said that at a time when more and more air passengers fly into and out of the country, some aviation companies have relaxed their vigilance. Their safety examination measures are far from adequate.

Moreover, the Taiwan authorities' refusal to repatriate hijackers has encouraged continued air piracy.

Jiang said that government has decided to take tougher and more effective measures to curb hijackings and punish the hijackers.

The government will invest 200 million yuan (about 35 million U.S. dollars) next year for the construction of a series of safety facilities, including defensive stockades surrounding airports and equipment for safety examinations and fire prevention.

Government departments will also take effective measures to strengthen air crews' anti-hijacking tactics. Crew members will be instructed to take action against hijackers on the supreme principle of ensuring the absolute safety of passengers and the planes.

The deputy-director said that despite the air traffic accidents and the hijackings, China has achieved marked progress in developing its civil aviation system in the past 14 years.

Statistics show that China presently ranks twelfth in world aviation, as against thirty-seventh in 1978.

Jiang predicted that the country's total air freight handling volume will reach 5.2 billion tons/km by the end of this year, 17.4 times over the 1978 figure; passenger transport volume will reach 34.8 million people, 15 times the 1978 figure.

Moreover, domestic and international flight routes have increased respectively to 550 and 60 this year.

View 'New System' For Civil Aviation

OW2812163193 Beijing XINHUA in English 1609
GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—Chinese legislators said today that the country's civil aviation industry must adopt a new management system to beef up the safety control and improve air services.

The new system should include a vital mechanism of competition, the strengthening of the legal framework for the civil aviation industry, and supervision by the public, the lawmakers proposed.

They were speaking at the current Fifth Session of the Standing Committee of the National People's Congress (NPC) in a discussion of yesterday's report by Jiang Zhuping, deputy-director of the Civil Aviation Administration of China (CAAC).

China's civil aviation industry has been progressing rapidly since the country's reform and opening up, and quite a few problems emerge in the process of development, the legislators said.

One reason for the problems is that professional flight crew training and development of the infrastructure could not meet the demands for air transport; the other is a chaotic management system which causes loopholes, said the legislators.

Some members of the NPC Standing Committee said advanced management expertise should be adopted in China's civil aviation in competing in the world market.

Li Yining, a vice-chairman of the Law Committee of the NPC and Standing Committee member of the NPC, said that an effective mechanism for competition should be nurtured. Civil aviation has been a virtual monopoly, even after several new air companies were established, he added.

Another member, Wang Shuwen, said the civil aviation should be managed in line with laws and regulations.

He said the several major air accidents were all caused by ignoring laws and regulations.

Other lawmakers suggested that China should create a civil aviation law to govern the operation of airlines.

It was also proposed that China should consider allowing foreign airlines to fly some specified routes between Chinese cities, with profits divided by the airline companies and the CAAC.

"This would both meet China's increasing demand for air transport and bring benefits to China," said Yang Zhenhuai, a standing NPC member.

Gu Songfen, another legislator, said civil aviation should be linked to the development of the aviation industry, for the good of both in aviation and manufacturing high-quality planes.

Qiao Shi Addresses 'Company Law'

OW2912143293 Beijing XINHUA Domestic Service in Chinese 1020 GMT 29 Dec 93

[Text] The Company Law of the People's Republic of China was adopted at the Fifth Session of the Standing Committee of the Eighth National People's Congress [NPC], which ended today.

Qiao Shi, chairman of the NPC Standing Committee, said: The enactment and implementation of the Company Law is an important thing in improving the legal system of our country. It has important significance for affirming the legal position of companies, which are the main body of the market; to standardizing the organization and activities of companies, to establishing a modern enterprise system, and to promoting the healthy development of a socialist market economy.

It was learned that the Company Law has 11 chapters with a total of 230 articles. The 11 chapters are: General Provisions; the Establishment and Organization of Limited-Liability Companies; the Establishment and Organization of Joint Stock Limited Companies; the Issuance and Transfer of Shares of Joint Stock Limited Companies; Company Debentures; the Finance and Accounting of Companies; the Merge and Separation of Companies; the Bankruptcy, Dissolution, and Liquidation of Companies; the Branches of Foreign Companies; Legal Responsibilities; and Supplementary Provisions.

The Company Law will come into effect on 1 July 1994.

Eighth NPC To Hold 2d Session 10 Mar

OW2912114493 Beijing Central People's Radio Network in Mandarin 1030 GMT 29 Dec 93

[From the "National Hookup" program]

[Text] The fifth meeting of the Eighth National People's Congress [NPC] Standing Committee that concluded today adopted a decision on holding the Second Session of the Eighth NPC in Beijing on 10 March. The meeting also adopted the Company Law and three other laws, as well as decisions concerning legal issues.

Chairman Qiao Shi presided over and spoke at the meeting. The meeting adopted a decision to submit the draft Budget Law to the Second Session of the Eighth NPC for examination and approval. Committee members unanimously adopted the NPC Standing Committee's decisions on amending the Accountancy Law; on the Provisional Regulations on Levying Value-Added,

Consumer, and Business Taxes on Foreign-Funded Enterprises and Foreign Enterprises; on our country's accession to the 1989 International Convention on Rescue Operations; and on allowing People's Liberation Army security departments to carry out the duties of public security organs in investigating criminal cases that occur in the Army, in detaining people, in conducting preliminary hearings, and in making arrests.

The meeting also adopted reports on the results of deliberations by the NPC Nationalities, Law, and Overseas Chinese Affairs Committees regarding motions filed by NPC deputies and submitted for deliberation by the Presidium of the First Session of the Eighth NPC. It also adopted some lists of appointments and removals.

Present at today's meeting were Vice Chairpersons Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Qin Jiwei, Li Ximing, Wang Bingqian, Wang Guangying, Cheng Siyuan, Lu Jiaxi, Buhe, Tomur Dawamat, Li Peiyao, and Wu Jieping, as well as Secretary General Cao Zhi. Song Jian, Ren Jianxin, and Zhang Siqing attended the meeting as observers.

Outline of Items on 1994 NPC Agenda

OW2912122793 Beijing XINHUA Domestic Service in Chinese 1149 GMT 29 Dec 93

[Text] Beijing, 29 Dec (XINHUA)—Decision of the National People's Congress [NPC] Standing Committee on Convening the Second Session of the Eighth NPC:

(Adopted on 29 December 1993)

According to a decision of the fifth meeting of the Eighth NPC Standing Committee, the Second Session of the Eighth NPC of the PRC will be held in Beijing on 10 March 1994. The proposed main items on the session's agenda are: hearing and deliberating the government work report; examining and approving the 1994 National Economic and Social Development Plan and a report on implementing the 1993 National Economic and Social Development Plan; examining and approving the 1994 state budget and a report on implementing the 1993 state budget; deliberating on the "Budget Law (Draft) of the People's Republic of China"; and hearing and deliberating on the work reports of the NPC Standing Committee, the Supreme People's Court, and the Supreme People's Procuratorate.

CPPCC Standing Committee Meets in Beijing

OW2512092993 Beijing XINHUA in English 0744 GMT 25 Dec 93

[Text] Beijing, December 25 (XINHUA)—The Fourth Executive Meeting of the Standing Committee of the Chinese People's Political Consultative Conference (CPPCC) national committee opened here today.

The four-day meeting is to study and take action on the recent decision of the Central Committee of the Chinese

Communist Party (CCPCC) on some issues concerning the establishment of a socialist market economic structure.

Li Ruihuan, chairman of the CPPCC national committee, presided over the today's meeting, which was attended by more than 200 Standing Committee members.

Wen Jiabao, alternate Politburo member and member of the Secretariat of the CCPCC Central Committee, made a report on study of the party's decision.

He said that the party's decision is of profound significance in China's reform, opening to the outside world and socialist modernization drive.

Wen outlined about ten urgent issues, on the framework and components of a socialist market economic structure, on the building of legal system for such an economic structure, and on the tentative ideas concerning the coming year's reform and economic work.

He stressed that efforts should be made to handle properly the relations between reform, development and stability, and the relations of interests in various aspects.

All possible positive factors should be brought into full play in order to build a socialist market economic structure and achieve a fast, sound and sustained development of the country's national economy, he said.

He urged all the members of the CPPCC national committee to investigate further the major issues which might occur in the course of reform and construction, and to make suggestions concerning the deepening of reform and development of the economy.

To Hold 2d Session in Mid-March

OW2812161793 Beijing XINHUA in English 1459
GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—The second session of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC) is going to be held in mid-March next year in Beijing.

This was announced at a meeting of the Standing Committee of CPPCC, which concluded today.

At the session, a work report made by the Standing Committee of the Eighth National Committee of CPPCC will be reviewed and the constitution of CPPCC will be revised.

RENMIN RIBAO on Socialism's Central Task

HK2412001093 Beijing RENMIN RIBAO in Chinese
13 Dec 93 p 5

["Earnestly Study Volume 3 of the *Selected Works of Deng Xiaoping*" column By He Guanghui (6320 0342 6540): "The Fundamental Task of Socialism Is To

Develop Productive Forces—Preliminary Understanding Gained From Studying Volume 3 of the *Selected Works of Deng Xiaoping*"]

[Text] A clear-cut theme runs through Volume 3 of the *Selected Works of Deng Xiaoping* [*Selected Works*] from its opening to concluding articles and that is, it is an exposition of the theory of building socialism with Chinese characteristics. This shows that Comrade Xiaoping has creatively inherited and developed Marxism-Leninism-Mao Zedong Thought in the scientific spirit of seeking truth from facts. This achievement is an embodiment of the collective wisdom of the Chinese Communists represented by Comrade Xiaoping and a reflection of the great practice of the people of all nationalities throughout China who have had the courage to break new ground. This theoretical achievement is the precious wealth of the Chinese people and the guidance for action in our socialist modernization. Developing the productive forces is the "key link" in the theory of building socialism with Chinese characteristics and seeking truth from facts is its soul.

Basis on Which the Theory Was Devised

The fundamental premise for a ruling party to formulate the correct line, principles, and policies is to make a realistic and scientific judgment of the historical stage of the current social development. This is a question of crucial importance to the success or failure of revolution and construction. What criterion should we follow in judging which stage social development has reached? On this question, our party has gone through a tortuous process. Socialism in reality is different from the socialism at a relatively high stage of development originally envisaged by Marx. In their practice of revolution, Lenin and Mao Zedong realized this. Lenin put forward the concepts of "socialism in the initial form" and "socialism without a solid foundation" and Mao Zedong also advanced the concept of "underdeveloped socialism." However, they did not have any systematic understanding of the question. Mao Zedong particularly used to consider problems from the changes in the relations of production and the superstructure because of his experience in the protracted revolutionary struggle. As the core of the first generation of our party, Mao Zedong eagerly hoped that China could stand, towering like a giant, among the nations of the world and become a powerful modern country at an early date. Nevertheless, he focused his attention on developing the productive forces by establishing the relations of socialist ownership in a higher form. Therefore, although a general principle of completing socialist transformation "within a considerably long period of time" was formulated during the transition period, in practice, the task was completed within three years. Hence, there were deviations and errors, such as setting too high and too impatient demands on development, carrying out work in an excessively rough and ready fashion, and blindly seeking purity. After the completion of socialist transformation, Comrade Mao Zedong initiated the "Great Leap Forward" and the "people's communes" and, later on, he

advocated abolition of the eight-grade wage system and the elimination of bourgeois rights (now translated as "bourgeois rights and interests"). All these were later proved to be divorced from reality. This shows that Comrade Mao Zedong one-sidedly exaggerated the role of the change in productive forces in promoting social development and judged the stage of social development therefrom. We are generally aware that the relations of production lagging behind the level of productive forces will hinder the development of productive forces but, more often than not, we do not realize that the relations of production which exceed the level of productive forces also will hinder the development of productive forces. This is precisely the cause of the unrealistic judgment of the stage of China's social development.

Comrade Xiaoping's understanding of the stage in which the Chinese society currently is has taken shape gradually in practice over a long time by summing up both positive and negative past experiences. However, as I see it, Comrade Deng Xiaoping has a special feature and that is, in judging the stage of development in which the Chinese socialist society is at, he took the relations of ownership into account and, more importantly, he viewed the question using the development level of productive forces as the criterion. As early as the 1960's, the well-known "cat theory" he advanced embodied the thinking like this: "Which form is actually the best for the relations of ownership to assume? I think, we should take the attitude that we should adopt the form which can revive and develop agricultural production more easily and quickly in a certain locality and adopt the form which the masses of people like, legalizing it if it is illegal." The disaster which the 10 years of turmoil brought to China all the more prompted Comrade Xiaoping and the whole party to rethink deeply. After the "Gang of Four" had been smashed and he was reinstated, Comrade Xiaoping respected the creative spirit of the masses of people and adopted policies which were viewed as "backtracking" in those years, such as the adoption of the contract responsibility system based on the household with remuneration linked to output and development of diversified economic sectors. Viewed from the completely pure socialist relations of production, the measures could have been right deviations and "heresies." However, they produced tremendous results in practice. It was precisely through the practice of these reforms that Comrade Xiaoping was able to acquire an increasingly clear understanding of the stage of social development which China was in. The "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC," which was adopted by the Sixth Plenary Session of the 11th CPC Central Committee in June 1981, clearly pointed out for the first time: "Our socialist system is still in its initial stage of development." On 26 April 1987, proceeding from the current level of productive forces in China, Comrade Xiaoping further pointed out: "Now, although we say we are building socialism, in fact, we are not qualified to say so." These frank and incisive remarks greatly enlightened the whole party's theoretical thinking. The 13th CPC National Congress,

which was held later, systematically expounded the question with the theory asserting that China is still in the initial stage of socialism as the breakthrough. Comrade Xiaoping specially pointed out: "The 13th CPC National Congress must expound the stage socialism in China has reached. It is in its initial stage and it is socialism in the initial stage. Socialism itself is the initial stage of communism. China is in the initial stage of socialism, that is, in an underdeveloped stage. We must proceed in every case from this reality and work out our plan in the light of the reality." From the process of creation of Comrade Xiaoping's theory concerning the initial stage of socialism, we can easily notice that the development level of productive forces is the basis on which the theory was devised.

The Essential Substance

Comrade Xiaoping categorized for the first time the liberalization and development of productive forces as the essence of socialism and, accordingly, defined the basic line and economic development strategy for the party

Comrade Xiaoping pointed out: "What is socialism and what is Marxism? We were not quite clear about this before. Marxism attaches utmost attention to developing the productive forces." "The fundamental task for the socialist stage is to develop the productive forces." "Socialism means eliminating poverty. Pauperism is not socialism, still less communism." Later on, he repeatedly stressed: The tasks of socialism are many but the fundamental one is to develop the productive forces. At the beginning of 1992, in the "Gist of His Talks in Wuchang, Shenzhen, Zhuhai, and Shanghai," Comrade Xiaoping further summarized the essence of socialism into "liberalizing and developing the productive forces, wiping out exploitation, eliminating polarization, and eventually attaining common prosperity."

On the basis of his understanding of the essence of socialism, Comrade Xiaoping gradually put forward the party's basic line on the initial stage of socialism, namely, "one center, two basic points," which was discussed by Comrade Xiaoping as early as the Third Plenary Session of the 11th CPC Central Committee and, later on, he discussed the question on many occasions. He said: "The Third Plenary Session of the 11th CPC Central Committee has defined the strategic pattern of 'one center, two basic points.' Ten years ago we advanced the formulation. The Third Plenary Session generalized the formulation in this language." Later on, Comrade Xiaoping raised the understanding of the basic line to the height of the life and death of the party and the state: Without adhering to the basic line there can only be the road to ruin [zhi neng shi si lu yi tiao 0662 5174 2508 2984 6424 0001 2742]. "The basic line should be operational for 100 years and must not be shaken. Only by upholding the basic line can we be trusted and supported by the people. The common

people will not allow anyone to change the line, principles, and policies adopted since the Third Plenary Session of the 11th CPC Central Committee and those who do this may be overthrown at any time."

Based on his understanding of the essence of socialism and his analysis of China's national conditions, Comrade Xiaoping put forward a "three-step" strategic concept of China's socialist modernization. To put it another way, we should solve the problem of food and clothing in the first decade of this century (that is, the 1980's); achieve a per capita GNP of \$1,000; complete the quadruplication task and reach a comfortably well-off standard of living in the second decade (that is, the 1990's); and achieve another quadruplication and the level of a moderately developed country in 30 to 50 years' time during the next century.

The Basic Motive Force

Liberalizing and developing the productive forces is the essential substance of socialism. However, how should the productive forces be liberalized and developed? This is a difficult question facing all socialist countries, which has not been solved satisfactorily. In terms of practice, in the early days of the establishment of the socialist system, the system appeared to be superior to capitalism in growth rate terms but, later on, it gradually revealed its structural defects. The egalitarian practice of "everybody eating from the same big pot," the bureaucratic inefficiency, and the bad influence of planning on the disposition of resources seriously hindered the development of the productive forces. In terms of understanding, writers of Marxist classics have not made any expositions on this question and we have been trammelled by "leftist" thinking for a long time in this regard. The former Soviet Union and East European countries made errors on this issue and, as a result, the social system in those countries became degenerate. In accordance with the Marxist basic tenets concerning the relationship between productive forces and the relations of production and between economic base and superstructure, Comrade Xiaoping creatively made a series of famous judgments, such as that "reform is aimed at liberalizing the productive forces" and "reform is the only way for China to develop the productive forces"; and he answered the question of the motive force for the economic development under socialism, thus energizing and invigorating socialism.

As the chief architect of reform, Comrade Xiaoping has made brilliant expositions on a series of issues such as reform's orientation, objective, nature, core, and policies and the major relationships between reform and other aspects of endeavor.

The general objective of reform is to help consolidate the socialist system and the party's leadership and help the socialist society develop the productive forces. Like the previous revolution, the nature of reform is also to remove barriers to the development of productive forces and lift China out of poverty and backwardness. In this

sense, reform can also be called a revolutionary change and "reform is a second revolution."

In the course of reform, we must adhere to socialist orientation and always uphold two basic principles: Taking the economy based on socialist public ownership as the core and achieving common prosperity. Using foreign capital in a planned way to develop the individual and private economies to a certain extent is a useful supplement to the socialist economy. It is aimed at meeting the need of developing the socialist economy. Encouraging some localities and people to become rich before others is also precisely aimed at encouraging more and more people to become rich and achieve common prosperity in the end.

The criterion for judging the right and wrong, as well as the success and failure, of reform must mainly be whether or not reform is conducive to developing the productive forces, enhancing a socialist state's comprehensive national strength, and improving the people's living standards. Apart from this, there must be no other "additional" things which are out of tune with it.

When it comes to the guiding ideology of reform, we must take China's national conditions into account and formulate policies in the light of actual conditions. Problems in the world cannot be solved using a single model. China has its own model. It relies mainly on practice and on seeking truth from facts rather than on books. Seeking truth from facts is the ideological guarantee for victory in every undertaking.

The principle of reform is boldness and steadiness. There is no perfectly safe proposition for reform. The problem is that we must strive to carry out reform more steadily with an appropriate choice of forms and opportunities. It is impossible not to make mistakes. We must strive to minimize the mistakes and solve problems, if any, promptly. Specific rules and regulations should be worked out, step by step, while conducting experiments. We must seize opportunities, boldly conduct explorations, boldly make experiments when we are sure of success, boldly break new ground, and have some "adventurist" spirit. Those who have differing views must be allowed to see further. We must not resort to coercion and conduct movements and debates in this regard. We must race against time to carry out reform. Otherwise, we will accomplish nothing.

As reform has deepened to the present extent, its core is correct handling of the relationship between planning and market. People have been perplexed by this problem for a long time. They thought that the planned economy was one of the essential characteristics of socialism and that socialism excluded the market economy and judged whether or not what we had done was socialist or capitalist in nature using this point of view. Comrade Xiaoping did not view things that way. As early as 1979, he remarked that pursuing a market economy "should not be said to be practicing capitalism." Later on, in 1982 and 1991, he again discussed the issue on many

occasions and clearly said that planning and market were methods which could be used by socialism or capitalism. It was in his southern-tour talks in early 1991 that he made the most definite remark on the issue when he said: "Planning and market are all economic means and not the essential difference between socialism and capitalism. The planned economy is not equal to socialism. There is planning under capitalism. The market economy is not equal to capitalism. There is market under socialism." On this basis, the 14th CPC National Congress set the establishment of a socialist market economic structure as the objective of China's economic restructuring. This is not only the theoretical development of the Marxist political economy but also it has become a powerful ideological weapon guiding us in carrying out socialist modernization as well as reform and opening up to the outside world. The resolution of the congress on several issues concerning the socialist market economic structure, which has outlined the basic framework for the socialist market economic structure, is the general blueprint for reform and a program of action for establishing the socialist market economic structure. So long as we make specific efforts to implement the resolution and carry out reforms in various fields of endeavor actively and steadily, we will surely be able to initially establish the socialist market economic structure at the end of this century.

The relationship between reform and development. Reform is meant to lay a foundation for sound and sustained development in the next decade and the first 50 years of the next century. Reform is for the sake of development. Development is the last word [fa zhan shi ying dao li 4099 1455 2508 4289 6670 3810]. In the course of reform, we must maintain a relatively high growth rate in production. This is necessary not only for the attainment of the strategic goal but also for reform. With a relatively high growth rate, the risks in deepening reform can be minimized. However, we must not seek unrealistic growth rates and growth rates devoid of efficiency. Otherwise, it will cause instability and, ultimately, lead to drastic ups and downs in the economy. Similarly, this also will bring about tremendous losses. Haste makes waste. In the end, there is no way to carry out reform. This has been proven repeatedly by our own experience. We must on no account forget historical experiences. In a word, reform and development complement, condition, and promote each other. If their relationship is handled well, we will be able to maintain a rapid, coordinated, and sound growth rate and bring the superiority of socialism into full play.

The relationship between reform, development, and stability. Reform is the fundamental guarantee for long-term political stability and development is a material base. Only when the ossified structure is reformed and economic development is accelerated can the socialist system be consolidated. Stability is the premise for reform. In the course of reform and development, a stable domestic political environment is necessary. Without a stable environment, nothing can be accomplished and achievements can also be lost. In this sense,

"stability is of overriding importance" and "what counts in carrying out modernization as well as reform and opening up is stability. We must cope with all things hindering stability and not make concessions or yield to them." Therefore, it is necessary to unswervingly uphold the four cardinal principles and oppose bourgeois liberalization and all kinds of ideological trends destructive to stability. Externally, we need a peaceful international environment. China needs at least 20 to 30 years of peaceful environment to concentrate its attention on construction and reform. Based on his scientific judgment of the international situation, Comrade Xiaoping pointed out: Peace and development are two major themes in the world today. It is entirely possible for us to strive for a peaceful environment for quite a long time to concentrate our forces on construction. On this basis, China has made a major readjustment in its foreign policy. While upholding the independent foreign policy, we are pursuing the principle of soberly observing, standing firm, coping with the situation calmly, and absolutely not taking the lead. Thanks to the implementation of the principle, China has always had the initiative and achieved tremendous results in its relations with other countries, thus winning the approval of the world's people.

The relations between economic and political structural reforms. Without political restructuring, economic restructuring cannot be carried out smoothly and the achievements scored so far in reform also cannot be ensured. The purpose of political structural reform is to enhance the vitality of the party and the state, overcome bureaucratism, raise efficiency, and mobilize the enthusiasm of the grass-roots units and the broad masses of people. The contents of the reform are mainly changing government functions, streamlining the administrative structure, separating the functions of the party and those of the government, solving the question of how the party should improve leadership, and strengthening the building of socialist democracy and the legal system. The priority of the reform at present is to speed up the change of the functions of governments at all levels according to the requirements of the socialist market economic structure, streamline the administrative structure, and genuinely bring the traditional administrative management structure based on the planned economy into the orbit of a socialist market economic structure.

/Reform and opening up are closely related. The former needs the latter and vice versa. We must continue to open wider to the outside world. We must seize the opportunity of international economic recession, boldly absorb foreign capital, and import technology to develop ourselves. We must boldly absorb and use for reference all achievements of civilization created by human society and all advanced modes of operation and forms of management of the countries in the world today, including developed capitalist countries, which reflect the laws governing modern socialized production. The policy of national seclusion is bound to make a country backward, harm the country and the people, and lead nowhere.

The Ideological Basis

Comrade Xiaoping studied and solved the problems of construction and development of the socialist society by starting with the productive forces criterion. This provided us with a lot of useful philosophical inspirations.

Proceeding in every case from the development level of social productive forces is the embodiment of the Marxist theory of knowledge in such areas as the concept of society and that of history. Although practice being first is a viewpoint of the Marxist theory of knowledge, which is already known to all, how to use the viewpoint to analyze and study the problems of construction and development of the socialist society and how to adhere to the stand of seeking truth from facts and proceeding in all cases from actual conditions are problems which have not yet been solved satisfactorily by our party for a long time. Nevertheless, the theory initiated by Comrade Xiaoping of building socialism with Chinese characteristics has given the most definite answer to the questions. As Comrade Xiaoping sees it, developing the productive forces is China's biggest reality. Proceeding in every case from the development level of China's productive forces means "seeking truth from facts" and upholding the productive force criterion means upholding the idea of practice being first. The connotation of "seeking truth from facts being the essence of Marxism" also lies here. Hence, this is both the inheritance and development of Marxism. Proceeding from the actual development level of China's productive forces is the key to the theory of building socialism with Chinese characteristics and the starting point from which we study and handle the questions concerning China's socialist construction and development. This is our ideological basis and also our ideological line, which we should always uphold.

Proceeding in all case from developing the social productive forces is the specific embodiment of the basic tenet of the historical materialist "doctrine of productive forces playing a decisive factor." Productive forces decide the relations of production and the economic base decides the superstructure. They are basic principles with which all Communists are already familiar. Nevertheless, when studying the question of how to use the principle to build socialism in China, a country which is quite backward economically and culturally, we have to face the following reality: In terms of social formation, socialist society is a social formation which is one level higher than capitalist society but, in terms of productive forces level, China lags far behind capitalist countries. Should the "doctrine of productive forces playing a decisive role" be upheld under these circumstances? For a long time past our party tried to explain the question using the advanced relations of production but failed in practice. Comrade Xiaoping gave this answer: Only socialism can develop China. Only when the productive forces are developed can socialism be upheld in China and can socialism triumph over capitalism in the end. The fundamental task of socialism is to develop and liberalize the productive forces. The truth is simple but it

needs extremely great courage to uphold it. Comrade Xiaoping has set a brilliant example in this regard.

The method of dialectically handling social contradictions by proceeding from the development of social productive forces radiates with materialist dialectical thinking. Comrade Xiaoping has provided us with rich ideas in realistically handling various contradictions in social life using dialectics. "Doing two types of work simultaneously" is the vivid summarization of his dialectical thinking on society. It has the following characteristics: 1) proceeding from the development of social productive forces in handling various social contradictions, he advocated "paying simultaneous attention to reform and opening up and also the four upholds" and regarding them as the "two basic points" of the party's basic line in the initial stage of socialism. However, the two basic points, which are interdependent and mutually complementary, must be subordinated to and serve economic construction, the center of all endeavors; 2) we must be good at grasping the unity of various antagonistic relations to promote comprehensive social progress. He favored putting equal stress on both material and spiritual civilizations rather than being hard on the one hand and soft on the other; putting equal stress on both reform and opening up and punishment of crime; putting equal stress on both reform and opening up and cracking on economic crime; and putting equal stress on both construction and the legal system; 3) we must decide the main aspect of contradictions in different periods to promote social development. Comrade Xiaoping has set an example for us to learn in persistently using the material dialectical method to study and handle the various problems in social life.

The *Selected Works* has extensive, profound, and rich contents. Comrade Xiaoping's theory of building socialism with Chinese characteristics is the contemporary Marxism-Leninism-Mao Zedong Thought. Along with the great practice of socialist construction and reform, it will continue to be developed and enriched. We must continuously study and repeatedly ponder it, deepen our understanding through study, continuously raise our theoretical level, enhance our capability to work in accordance with the practice-knowledge-again practice-and-again knowledge law so as to meet the needs of building socialism with Chinese characteristics.

RENMIN RIBAO Reviews Reform, Opening Up
HK2212153093 Beijing RENMIN RIBAO in Chinese
22 Dec 93 pp 1, 4

[Article by Ren Zhongping (0117 0112 1627): "From the Third Plenary Session of the 11th CPC Central Committee to the Third Plenary Session of the 14th CPC Central Committee"]

[Text] Today is the 15th anniversary of the conclusion of the Third Plenary Session of the 11th CPC Central Committee. Recently, our party convened the Third Plenary Session of the 14th CPC Central Committee

which made important decisions on the problem of building a socialist market economic system. Between the two Third Plenary Sessions was but a blink of an eye but enormous historical changes have taken place across the 9.6 million square km land of China. Reviewing the present and remembering the past, one cannot help being borne away by thoughts and associations and overwhelmed by emotions!

Fifteen years ago, hardly had the curtain of the Third Plenary Session of the 11th CPC Central Committee been drawn when years of confinement were shattered and repressed vitality released. There was great emancipation of minds among the people. The whole country suddenly felt that there were great hopes for our motherland and Chinese nationals! The joy and excitement are still vivid today. Although back then we were full of hopes for future development, the swiftness of the progress and the magnitude of the achievements still came as a surprise. There was considerable growth in state wealth; national income increased enormously; and the savings of urban and rural residents rose by more than 50 times. Modern high-rise blocks line the cities; peasant houses in rural areas keep being renovated; and high-grade consumer goods such as color televisions, refrigerators, and washing machines have made their way into the homes of ordinary people. "Remember Mao Zedong for shaking off the yoke for us and thank Deng Xiaoping for making us rich." The couplet expresses most aptly the people's true thoughts. Of all the years since the founding of the country, the last 15 have seen the most rapid growth in national economic power, the people getting most practical benefits, and the socialist system at its most attractive and cohesive. These 15 years have been a time of a hard but successful exploration by our party and people; a time of gradually understanding and grasping the law of modernization in the course of building socialism with Chinese characteristics; a time of accumulating basic experiences, creating basic theories, and forming basic lines in continuous practices; a time of triumphant marching forward amid repeated severe trials in the volatile international climate; and a time that should be given prominent coverage in the history of reinvigorating the Chinese nationals!

I.

The Third Plenary Session of the 11th CPC Central Committee confirmed the ideological line of emancipating minds and seeking truth from facts and achieving three significant changes: Change from the class struggle as the key link to centering on developing productive forces; from being closed to being open; and change from sticking fast in the ruts to reforms in all areas. The momentous decision on these three changes opened a new page in the history of the People's Republic. With this as the great beginning, the next five years saw us bringing order out of chaos and, in 10 years' time, we introduced comprehensive reforms, launching China into a new historical period distinguished by reform, opening up, development, and emancipation of minds.

Reform made its breakthrough first in the rural areas. The pursuit of the household responsibility system on a household basis with remuneration linked to output and the rapid rise to the fore of township and town enterprises greatly liberated rural productive forces and increased the rate at which the rural economy was marketized. After a series of exploratory moves, such as power delegation and profit concession, fixed profits, profit improvement taxes, and the contract management responsibility system, urban enterprise reform entered an entirely new stage of reforming management-ownership relations and the accompanying creation of a corporate-based modern enterprise system. The unitary public ownership structure has evolved into a new pattern of public ownership as the mainstay, jointly developing with a variety of other economic elements. The push for price reform, the establishment of multi-channel circulating networks, and the growth of commodity markets and capital goods markets effect significant changes in economic operating mechanisms, greatly strengthening the regulatory role of markets in economic activities. The traditional planned economic system is undergoing a transition toward a socialist market economic system. Economic structural reform has also set in motion reforms in scientific and technological, educational, and political systems.

Opening to the outside world has fanned out from along the coast to the border regions, penetrated the inland regions at great pace, and expanded from primary into secondary and tertiary industries and has produced a new pattern of opening on all fronts. Special economic zones have achieved world-renowned success. Capital, technology, talent, and advanced operating methods and management experience which came with the opening up; prompt updates on information about development; and strengthened foreign economic exchanges and cooperation have speeded up the convergence of domestic markets with their international counterparts and effectively promoted China's modernization.

Latest forecasts by the State Statistical Bureau estimate that China's GDP this year will top 3,000 billion yuan, an almost three-fold increase from the 358.8 billion yuan in 1978 if calculated on comparable prices. That represents a 9 percent average annual growth rate. The gross output volumes of grains, cotton, coal, and cement are all the world's largest; steel output ranks fourth in the world; the television possession rate, based on total population, exceeds the world average level. The prosperous Chinese economy contrasts sharply with the recessive and stagnant international economy. The whole world cried in shock that the east Asian lion had aroused from its slumber and China had become the new world hotspot of leading international economic growth.

With sustained and high-speed economic growth, another enormous change wrought by the "second revolution" in China was the rise and continuous deepening of a new emancipation of minds, which has renewed the spirit of vast numbers of cadres and masses. The five

years of bringing order out of chaos helped release the whole party and people of the whole country from the spiritual yoke of the "two whatever's." The 10-year comprehensive reforms prompted us to rethink what socialism was and the way to build socialism and caused the minds of whole party and people of the whole country to be released from the straitjackets that did not reflect China's practical conditions, the progressive needs of the times, and the objective laws of economic and social development. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line of "one center, two basic points" are now wholeheartedly supported by tens of millions of the people and are being grasped by increasing numbers of cadres and the masses. Emancipating minds, seeking truth from facts, striving to improve, extending and innovating, democracy and solidarity, and looking for truth and being pragmatic have become the main characteristics of the thinking of the whole people.

II.

If we get to the bottom of the basic experience we have gleaned from the last 15 years of socialist modernization which progressed by leaps and bounds, it is that: Reform and opening up is the only way to liberate and develop the productive forces and the one strike that determines China's fate. We are faced with a dead end if we do not uphold socialism, reform, opening up, developing the economy, or improving people's living standards. Specifically, the following experiences learned from the 15 years of reform and opening up deserve further summing up:

1. In reform and opening up, we must always uphold the principles of emancipating minds and seeking truth from facts. Emancipating minds and seeking truth from facts are the essence of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Reform and opening up is a novel socialist undertaking. It was under the guidance of principles of emancipating minds and seeking truth from facts that we were determined to smash the bonds of the old concepts and continuously probe for new ways to keep up with the development of the times and scientific, technological, and economic progress. All the while keeping in mind China's national situation. There is no end to emancipating minds and we must continuously explore the road of reform, so that each reformist step brings genuinely practical benefits to the vast majority of the people. We must allow experiments for different views, observe their results, and let practice draw the conclusion, instead of engaging in debate. Aimed at common prosperity, we will boldly encourage some areas and a number of people to become rich first through honest labor and legal business operations, then guide them to help the latecomers to become rich. We must always keep a clear head in opening up to the outside world, distinguish between advantages and disadvantages and cultivate the former and eliminate the latter, and actively expand the pattern of opening up on all fronts. In short, on the basis of practice being the sole

criterion for verifying the truth and the "three helpful's" as the criterion for truth and falsehood, we will continuously emancipate minds, change concepts, and push reform and opening up forward.

2. Uphold materialist dialectics in reform and opening up and correctly understand and handle various relations and contradictions in the process of reform. The more outstanding of these include: Relations between reform and development. We must understand that development relies on reform and consciously let the national economy develop, so that the national economy can create a more liberal economic environment and good conditions; on the other hand we must realize that development is the last word, consciously pursue reform in such a way that is conducive to and promotes development, and work to achieve a relatively satisfactory economic development rate, to form a mutually reinforcing and interacting benign circle between reform and development. Another example is the relationship between reform and stability. We must realize that upholding the four cardinal principles and developing a stable and unified political situation are important guarantees for reform; however, we must also realize that ultimately only a sound pursuit of reform and development works for stability and we must not turn stability into stagnation. We must guard against rightism but mainly it is "leftism" that we must prevent. We must guarantee reform with stability and promote stability with reform. Again, another example: The relationship between bold exploration and steady steps. Reforms require us to experiment and explore boldly, which requires us to have the energy and spirit to thrust forward. At the same time we must be cautious, our steps steady and stable, and remember always to sum up experiences, upholding those found correct and correcting those found incorrect. When a problem comes up, it must be dealt with promptly.

3. The further reform and opening up proceeds, the more we must uphold the pursuit of the two civilizations, doing two types of work simultaneously and attaching equal importance to both. The ultimate thing is that we want to get our jobs done, and done well, which mainly means improving the national economy and socialist spiritual civilization so that people's material and cultural lives are constantly improved. The sound pursuit of economic construction is the foundation for every type of work. Therefore, it is necessary at all time to hold fast to economic construction as the centerpiece. The building of spiritual civilization has a tremendous promotive role in the building of material civilization. We cannot slacken our efforts in the slightest here. The hand that pursues spiritual civilization will have to toughen up. We must adapt to new situations, conditions, and characteristics and probe for new thinking and methods in a reformist spirit. Only then do we keep close to practical conditions and achieve real results.

4. The key to a sound pursuit of reform lies in the structure of command centers at all levels directing the reform effort. A good leadership must be in place.

Leading members of party and government organizations at all levels, especially chief leading members, must really grasp the theory of building socialism with Chinese characteristics and tightly uphold the party's basic line; have insights, courage, and energy; be able to keep the whole situation in perspective; foresee the future; and always hold the initiative of reform in their hands. They must learn hard and well, link theories with practice, continuously deepen their understanding of the laws of the socialist market economic system, and correctly coordinate and handle changes in the relationships between various interest nexus during the process of reform and development. They must be clean and loyal to their duty, work hard for the people, always keep close ties with the people, respect masses' creative spirit and creativity, and unify and lead them forward. They must provide a model for democratic centralism by themselves carrying out these principles, be good at pooling the wisdom of the masses, and rally a group of people behind them to form a strong and powerful leadership collective. In short, when the command headquarters is unified in thinking, unified and coordinated, follows a good decisionmaking process, is organized, and commands soundly, the forces under it will have great combat power and reform and opening up will always be successful.

III.

With Marxist revolutionary courage and resourcefulness, truth-seeking attitude, and the spirit of blazing new trails, Comrade Deng Xiaoping, the core of the leadership of our party's second generation, set out the proposition that planning and the market are both means to develop the productive forces but not the sign of the differential between socialism and capitalism. No basic contradiction exists between socialism and the market economy. This has broken through the theoretical taboo that had shackled people's minds for a long time and opened up a new horizon for socialist development. In the report submitted to the 14th Party Congress the Central Committee, with Comrade Jiang Zemin as the core, determined that the building of the socialist market economic structure was the target pattern for China's economic restructuring; in addition, the great banner of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics was hoisted at the Third Plenary Session of the 14th Central Committee and the spirit of the Third Plenary Session of the 11th Central Committee, namely, emancipate the mind, seek truth from facts, and be bent on reform was brought forth and the "Decision of the CPC Central Committee on Several Issues on Building the Socialist Market Economic Structure" was adopted, which sketched the basic framework of our reform and development in the 1990's. This demonstrated the firm determination and will of the party's third generation of collective leadership to carry on the end the great cause of reform, opening up, and socialist modernization initiated by the older generation of proletarian revolutionaries.

Comrade Deng Xiaoping indicated: "Perhaps it will take another 30 years for us to shape a whole set of more mature and finalized system patterns in various arenas. The principles and policies under this system will be of a more finalized pattern also." The "Decision" adopted by the Third Plenary Session of the 14th Central Committee is precisely a program for action which inherits the past and ushers in the future, carries forward the cause and forges ahead into the future, and has made a decisive step forward in the direction of the new economic structure and the finalized pattern of principles and policies under this structure.

With the "Decision" by the Third Plenary Session of the 14th Central Committee as a sign, China's reform and opening up began to scale new heights. At this new historical starting point it is necessary for us to maintain and bring forward the spirit of being courageous in exploration, opening up, and blazing new trails over the past 15 years and firmly push forward reform and opening up in the direction of the second-step strategic goal by the year 2000 and the third-step strategic goal by the mid-21st Century.

The imminent new year is the first one for us to implement the "Decision" adopted by the Third Plenary Session of the 14th Central Committee. The magnitude of reform will be comparatively great as will the difficulty. The results of reform next year will be very crucial. Party organizations and governments at all levels should link with the actual conditions in their own locality and department to organize implementation of the decision to ensure victory of the very first campaign.

In the reform we are facing there must be progress in the entirety as well as breakthroughs in key points. It is imperative to develop the market system; augment and improve macroeconomic regulation and control; and push forward building a modern enterprises system while promoting the reform of the social security and distribution systems. A series of comprehensive reforms, such as banking, finance and taxation, foreign trade, and investment will be presented one after another. In the course of such complicated overall reforms it is imperative to show great concern for the mass interests, do a good job of work in propaganda, explanation, and education, and harmonize changes in the interest pattern so that the masses may continuously strengthen their capacity to bear reforms and their enthusiasm for reform will be continuously stimulated.

The socialist market economy is also an economy of the legal system. In the course of reform, it is imperative to augment building of the legal system in a big way while accelerating the progress of economic legislation. It is necessary to refer to and absorb helpful elements in foreign laws on the market economy and pay attention to dovetailing international norms. Education in the legal system must be strengthened and law enforcement strict. It is necessary to standardize and legalize our reform with the socialist market economic structure as the goal and legalize the experiences of reform, thus providing

solid legal insurance for adhering to the party basic line for a century without wavering.

The accomplishments China has scored in reform, opening up, and modernization over the past 15 years are great and something of which we can be proud. However, the tasks from now on will be greater and more arduous, with still brighter prospects. Comrade Deng Xiaoping said with feeling: "The period between today and the mid-21st Century is very important and it is imperative that we quietly immerse ourselves in hard work. The burden on our shoulders is heavy, as is our responsibility!" Comrades of the whole party and people of the whole country should unite still more closely around the Central Committee, with Comrade Jiang Zemin as the core, and quietly immerse themselves in hard work to accelerate reform and development along the road of building socialism with Chinese characteristics which Comrade Deng Xiaoping has indicated. In another 30 years, our new socialist market economic structure will shape a whole more mature and more finalized system, principles, and policies. Then, in still another 30 years, we will arrive at the third-step strategic goal and basically realize socialist modernization. By that time, the Chinese nation will have vigorously planted its feet in the East with a heroic image, greater prosperity and strength, and being more civilized!

'Central Leader' on 1994 Reform, Development

HK2712082693 Hong Kong TA KUNG PAO in Chinese
26 Dec 93 p 1

["Special dispatch": "Central Leader Says Reform Should Be Deepened Comprehensively, Development Scale Should Be Kept Under Control"]

[Text] Beijing, 25 Dec (TA KUNG PAO)—While talking about work arrangements for next year, a central leader pointed out: The first is reform and the second is development.

Reform should be deepened comprehensively. This is a major breakthrough and has been made very clear by the third plenary session. Growth next year should not be too high and the inflation rate should be kept under 9 percent.

Of all the reforms, the tax sharing system involves the localities. This is a moderate and gradual reform and has been well received by all people.

The exchange rate should be stabilized next year. It could rise slightly, as this is good for exports. [as published] But we should not drive up prices and take part in panic buying. Otherwise, all sides will suffer. It is necessary to work out a management method in case all units exchange renminbi for foreign currency.

As for banking reform, the People's Bank of China should truly become a central bank. It should unify

monetary policy and keep the market under control. All localities should change their functions as quickly as possible.

With regard to next year's development, the key lies in keeping the scale under control. The number of state projects should still increase a little bit, and projects should still be started. Funds for old projects should be guaranteed. If we fail to do so it will be impossible to produce results. Our guiding idea is to try as far as possible not to start new projects. Practice has proven that the speed of production is not determined by the scale of capital construction this year and that our present speed is the result of previous construction. To prevent the economy from overheating, we should keep the scope under control.

The biggest measure to be taken for next year's development is to raise the prices of farm and sideline products. If we fail to raise prices, peasants will not grow crops again. If this situation should go on, there will be no market for manufactured goods and no raw material for production, and the economy will come to a standstill. Farm produce prices should be raised, for it won't do to rely exclusively on financial subsidies. The price of petroleum should also be liberalized next year. Otherwise, petroleum production will slide. As a matter of fact, peasants cannot get oil at the original price for it has all been taken away by intermediate links. When oil prices go up, purchasing prices of farm and sideline products should also be raised correspondingly. Rising prices may bring on price rises for other commodities. Toward workers and staff members, we adopt the method of adjusting their pay; in rural areas, where the state does not purchase commodity grain, local governments should offer subsidies, which are to be directly handed out to households.

Billboards Mirror Political Climate 'Change'

OW2712015493 Beijing XINHUA in English 0107
GMT 27 Dec 93

[Text] Hefei, December 27 (XINHUA)—In rural China, nowhere is the change of political climate more evident than in the messages on village billboards.

Since billboards are the most visible, and sometimes the only media in the countryside other than cable radio stations, they are used intensively and extensively.

From the mid-1960s to mid-1970s, the landscape of rural China was cluttered with political slogans loaded with "explosive" wordage.

Among the ubiquitous slogans were "Never Forget Class Struggle", "Wipe Out All Monsters and Demons" and "Down With All Imperialists, Revisionists and Counter-Revolutionaries".

In the 1980s, the political colors gradually faded. Under Deng Xiaoping's policy of shifting the working focus to

developing the economy, billboards became a place to swap economic information.

"All Work Must Center Around Economic Construction" was the dominant message, though it was interrupted from time to time by skeptical questions such as "Comrade, Are You Going Capitalist?"

In the last two years, billboards acquired a new dimension of use—posting ads.

"Taste Watermelons Under the Heaven, and Nowhere Is the Flavor Sweeter Than Here," claims a poster. Other messages include demands for quality seeds and pest-devouring frogs, and advertisements offering grain and vegetables for sale.

Sure enough, peasants too are quick to learn economics in the national drive to a market economy: the use of village billboards is now no longer free. Would-be advertisers must pay for the privilege.

Nobody minds, because what you want is what you get at China's rural billboards nowadays.

Shanghai To Regulate Number of Rural Workers

HK2412045893 Beijing CHINA DAILY in English 24 Dec 93 p 3

[Unattributed article: "Shanghai To Check Flow of Labourers"]

[Text] Shanghai is to introduce new regulations to slow the flow of rural workers into the city, a Beijing-based newspaper said recently.

City officials are to draft employment regulations and co-operate with neighbouring Anhui Province authorities to stop more people from coming to Shanghai, China Labour News said on Tuesday.

About 2.5 million labourers from the countryside live in the metropolis.

The measures are to come into effect before February 10, China's Spring Festival, when many workers go to the city.

A special commission was sent from Shanghai earlier this month to Anhui Province, where most of the workers come from, to discuss the problem with local officials.

Local labour departments are expected to discourage people planning to go to Shanghai by publicizing the fact that Shanghai has few job openings.

The paper said that Shanghai officials will inform neighbouring provinces of the city's job market and seek to increase regional co-operation to combat the problem.

The country's largest metropolis has a population of about 2.5 million transients, 1.5 million of whom have found jobs at factories, enterprises and construction sites.

Under the regulations being drafted, all work units in Shanghai will have to apply for permission from the municipal, district or county-level labour department if they want to employ workers who are not Shanghai residents.

They will be required to seek local residents for job openings before they hire a person from another area.

The new regulation is also to encourage the creation of more job markets in order to help curb the labour flow.

Under the regulation, employers will be required to sign contracts with labour agencies, preventing them from hiring workers on their own.

The new regulations should safeguard the rights and interests of outside labourers. Only work units which can provide adequate housing and safety will be permitted to hire outside labourers.

New Civil Service System Planned For 1994

HK2412045293 Beijing CHINA DAILY in English 24 Dec 93 p 1

[By staff reporter: "State Plans New Civil Service for Next Year"]

[Text] The government is set to start a civil service system in central and provincial governments a national conference heard yesterday.

The new system is to be introduced next year State Councillor Li Guixian told a meeting of leading personnel officials in Beijing.

And it has been described as the centre of China's effort to reform its obsolete personnel system in which people are appointed by order.

Civil servants will be appointed according to their ability and promoted or demoted according to their performance. They will also work in a set wage and promotion structure.

There are plans to expand the system to county and township levels after it has been set up in the central and provincial governments.

The system was first mentioned by Premier Li Peng in his state-of-the-nation report to the National People's Congress early this year.

Li said it would take three or more years to transform the old official system into a modern civil service.

And in his opening speech to the three-day conference yesterday, Li Guixian said personnel reforms must be

based on the provisional civil service regulations the State Council issued this year.

Personnel Minister Song Defu said: "It is the government's major task in 1994 to implement the civil service system.

The new set up will aim to improve officials political and professional quality make the government more efficient and overcome bureaucracy.

It is to include classified personnel management, scientific wages distribution and a multi-level social security framework, said Song.

And it should distinguish the management of government officials from the personnel systems in enterprises and professional institutes.

In the past, China followed a single personnel management system for various cadre posts under a centralized planned economy.

With the new system, personnel departments at all levels will change this direct administration and provide a legal, economic and information service for examination, assignment and promotion of personnel, said Song.

The government also plans to introduce specialized talent markets to replace the "talent fairs" now being held in some cities. The move is a bid to provide a proper channel for hiring specialized personnel and to make it easier for them to move around the country.

Several personnel laws, covering recruitment, examination, promotion and demotion of civil servants will be drafted and made public next year, Song said.

One of the first moves will be to readjust salaries of government employees, in line with the new civil service system, said official sources.

Li Guixian further pointed out to participants in the conference that the country is set to embark on an all-round reform programme in the coming year, and the success of these reforms rely, primarily, on the performance and efficiency of the government structure.

State Council Equipped With New Electronic Map
OW2412093193 Beijing XINHUA in English 0827 GMT 24 Dec 93

[Text] Beijing, December 24 (XINHUA)—An electronic map with retrieval and display functions has come into operation at the State Council, providing China's policy-makers with accurate and up-to-date geographic information.

Set up in a conference hall, the State Council's information system of national geography, dubbed "the electronic map," was jointly invented by the State Bureau of Surveying and Mapping and the Secretariat of the State Council.

One can read various maps and data, including information on transport, borders and islands, on a large screen.

The system's contents also include basic data on the national and world topography, national statistics almanac, as well as state and provinces' political, economic and social conditions.

The information system today passed an appraisal by members of the Earth Science Division of the Chinese Academy of Sciences and some other cartographical experts here.

Courts Step Up Campaign To Protect Trademarks
HK2512044293 Beijing CHINA DAILY in English 25 Dec 93 p 3

[By staff reporter Li Hong: "Courts Bid To Protect Copyrights, Trademarks"]

[Text] China is stepping up its protection of intellectual property rights such as trademarks, patents and copyrights.

In the most recent case, the Beijing Intermediate People's Court yesterday ruled that the Beijing-based Wangma Computers Company must be compensated 240,000 yuan (\$42,000) by the China Southeast Technology Corporation for patent violations.

The court said China Southeast infringed on Wangma's patent rights by illegally pirating and producing the famous "five-stroke" Chinese character input software system, which Wangma's president Wang Yongmin invented about 10 years ago.

In a similar case just a week ago, the Changsha Intermediate People's Court of Hunan Province ordered a local electronics company to reimburse Wangma Computers a total of 750,000 yuan (\$130,000) for copying the "five-stroke" technology.

Wang Yongmin's "five-stroke" system is now widely used in China. It has secured patent protection in the United States, Britain and China.

Wang told reporters after the court's ruling yesterday that his winning demonstrates China is improving its legal protection of intellectual property rights.

Professor Wang Yongmin said the government's safeguarding of intellectual property will "certainly provide a better investment environment for foreign companies."

Ji Shuhan, president of the Beijing court, said yesterday his court is receiving more cases alleging violations of intellectual property rights involving trademarks, patents and copyrights.

Earlier this year Ji's court ruled that Beijing Sun-City Store must pay Beijing-Paris Vie de France Food Co Ltd more than 14,000 yuan (\$2,450) for illegally using the joint venture's trademark.

And, the court ordered the Beijing Shijingshan Zhiye Electronic Company to pay the China Jingcheng Security Technology Industry Corporation 100,000 yuan (\$17,200) for stealing Jingcheng's copyrighted computer software.

The Beijing Intermediate People's Court set up the country's first intellectual property rights court last June.

Since then, it has ruled on 125 cases, 10 involving foreign, Taiwan and Hong Kong firms.

Ji said his court is currently investigating several intellectual property rights lawsuits. The plaintiff in one trademark case is asking for 17 million yuan (\$3 million) in damages.

Ji said his court will recruit and train more top-quality personnel to strengthen the prosecution of intellectual property rights cases.

Potential Illegal Immigrants to U.S. Arrested

HK2412121093 Fuzhou Fujian People's Radio Network in Mandarin 1100 GMT 23 Dec 93

[Text] The border brigade of the Fuzhou suburban public security force recently carried out transprovincial arrests in Guangdong and brought back 42 people who attempted to smuggle themselves into the United States, including one snake head [organizer of the smuggling activity] and two go-betweens.

According to the confession of the snake head, named Wang Baozhong, a snake head surnamed Tang outside the borders collaborated with some lawbreakers in the province to smuggling people into the United States; people who would be smuggled did not need to pay for the expenditures in advance, but their families would pay \$21,000 after being successfully smuggled into the United States. In Lianjiang, Minhou, and [words indistinct], they gathered 39 people who wished to sneak out of the country. On 2 November, they were transported to Guangzhou, ready to be smuggled into the United States from Guangdong's Xuwen County in mid-November.

Upon learning this, the Fuzhou suburban police sent about a dozen personnel in pursuit. In cooperation with the relevant Guangdong departments, they arrested these people in Guangzhou and Zhanjiang. The case is still being prepared now.

Daily Plans 12-Page Saturday Edition

HK2812112093 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 25 Dec 93 p 1

["Announcement by the Editorial Board of RENMIN RIBAO OVERSEAS EDITION: RENMIN RIBAO OVERSEAS EDITION To Expand to 12 Pages on Saturdays Beginning in 1994; 12 Pages Are Published Today on a Trial Basis"]

[Text] In the beginning of the new year, this newspaper will present its readership with a gift—a 12-page Saturday edition.

The decision to increase pages is designed to increase information which is highly pertinent, more readable, and serviceable so as to meet the demands of China's reform, opening up, and socialist modernization drive, and of readers at home and especially readers abroad.

After increasing the number of pages, this paper will continue to stick to the correct orientation required of media, firmly grasp the main theme, and make sure the paper will have a unified lofty style throughout so that it will become more varied and colorful and more close to the readership.

Beginning 8 January 1994, the pages for Saturday will be arranged as follows: Page 1 will be devoted to important news; page 2 to economic matters; page 3 to politics, laws, culture, and education; page 4 to fine arts and photography; page 5 to the convenient bridge [bian qiao 0189 2890] supplement; page 6 to international matters; page 7 to a literary and artistic supplement; page 8 to readers' letters; page 9 to social problems; page 10 to sports; page 11 to health; and page 12 to advertisements.

This paper published 12 pages on a trial basis today. Criticisms and suggestions are welcome.

The RENMIN RIBAO OVERSEAS EDITION editorial board

Military

'Extreme Caution' in PLA Corruption Reporting

HK2912072693 Hong Kong SOUTH CHINA MORNING POST in English 29 Dec 93 p 8

[By Willy Wo-lap Lam]

[Text] Beijing has tightened press censorship over corruption and other "negative phenomena" in the People's Liberation Army (PLA).

Chinese sources said yesterday both army and civilian media had been ordered to exercise extreme caution in reports about crimes and misdemeanors attributed to PLA officers and soldiers.

"The media has been discouraged from reporting on economic crimes, mainly corruption, committed by military staff," a source said. "Another taboo subject is the increasing number of conflicts between PLA authorities and local units." It is understood such conflicts usually have to do with land-use rights, particularly the redevelopment of urban plots claimed by both military and civilian authorities.

PLA units have also scaled down the number of interviews that military staff are giving to Chinese and foreign media. Such interviews now have to be cleared by senior officers having the rank of army commander. A

source close to the PLA said the policy-setting Central Military Commission launched a large-scale anti-corruption campaign in August alongside a similar one organized by the civilian leadership.

At least 10 officers with the rank of major-general or above were reported to have come under investigation. A few among these are believed to have been implicated in the smuggling of cars and other big-ticket items along the coast. Since autumn, however, a virtual news blackout has been imposed on the results of the anti-graft drive.

The source said aside from "protecting" the PLA's domestic and overseas image, the censorship was aimed at preventing internal morale from deteriorating. "Army morale has been badly affected because of frequent reshuffles after the Tiananmen Square crackdown and because of the large number of officers who have gone into business," the source said. "The authorities are afraid that if stories about army corruption and other negative phenomena are widely reported in the media the PLA's recruitment problems will be worsened."

By contrast, official media has been forthcoming with results of the four-month-old anti-corruption campaign in civil society.

In the past two months detailed coverage has been given to the alleged graft-related crimes of cadres, including the police chief of Guizhou province, Guo Zhengmin; the deputy secretary-general of Hainan province, Li Shanyou, and the police chief of the Huizho special economic zone Hong Yonglin.

The official media and the pro-Chinese press in Hong Kong have referred to these officials as "tigers" or big-time offenders.

In the Chinese hierarchy however, Mr Guo and other suspects featured recently in the national press are merely mid-echelon officials. Contrary to promises made in internal documents, Beijing has yet to publicise corrupt cases involving cadres of ministerial rank or above.

Reporters' End of Year Report on Army

Part One

HK2612073793 Beijing JIEFANGJUN BAO in Chinese
13 Dec 93 p 1

["Reporters' End of Year Report, Part One" by Xie Zhengxuan (6043 2398 6513) and staff correspondent Wang Wenjie (3769 2429 2638): "A Strategic Move to Make the Country Prosper and Manage the Army—Commentary on Study of Deng Xiaoping's Theory of Building Socialism with Chinese Characteristics by Cadres At and Above the Regimental Rank in the Whole Army"; first paragraph is JIEFANGJUN BAO editor's note]

[Text] Again we are at the end of another year. Led by the party Central Committee and Central Military Commission, in 1993 the whole Army held high the banner of the 14th party congress, conscientiously studied Deng Xiaoping's theory of building socialism with Chinese characteristics and thoughts on army building in a new era, implemented and carried out the Military Commission's military strategic principles in the new era, and scored heartening results in military affairs, logistics, and scientific research. After extensive research, reporters of this newspaper have written a series of commentaries summing up, from various perspectives and standpoints, the new climate in our Army and its new experiences in revolutionizing, modernizing, and regularizing itself. What is printed today is the first of the series.

Beijing. Tiananmen Square on National Day. A huge eye-catching slogan ringed by fresh flowers: "Conscientiously study Deng Xiaoping's theory of building socialism with Chinese characteristics." The slogan is telling the whole world: It has become a distinguished mark for the year 1993 that the party is equipping itself with this theoretical weapon advanced by the 14th party congress.

This year, as planned by the Central Military Commission, for party committees at all levels throughout the Army, and especially for cadres at or above the regimental rank, the top priority was to study Deng Xiaoping's theory of building socialism with Chinese characteristics. Toward the end of last year, the General Political Headquarters called a briefing session reporting on progress in studying the spirit of the 14th Party Congress, at which cadres at or above the regimental rank were specifically asked to study this theory well. This year, it compiled and printed the "Selected Compilation of Key Literature on Building Socialism with Chinese Characteristics," "Talks on the Socialist Market Economy" and other such teaching materials. The broad mass of cadres viewed Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as a compulsory course for invigorating the country and building up the Army and one's character. The whole Army was gripped by a wave of study enthusiasm.

The main characteristics of this year's study of socialism with Chinese characteristics by cadres at or above the regimental rank are: Units enhanced the study style of relating theory to practical conditions; combined study of Comrade Deng Xiaoping's works with study of Comrade Jiang Zemin's key speeches and party Central Committee and Central Military Commission key decisions; combined book study with enthusiastic participation into reform and opening up; combined reading, investigation and research with efforts to solve new conditions and new problems in army modernization; and actively armed their brains and guided their work with the theory of building socialism with Chinese characteristics.

Tightly Grasp the Central Content of the Theory of Building Socialism with Chinese Characteristics, Heighten and Strengthen in a Fundamental Way Awareness of Maintaining and Determination to Maintain the Party's Basic Line and Not Deviating From It for the Next Century

In organizing and directing studies, party committees at all levels have consistently taken laying a solid ideological and theoretical foundation for maintaining the party's basic line and not deviating from it in the next 100 years as the final goal. In his theory of building socialism with Chinese characteristics, Comrade Deng Xiaoping answered scientifically a series of basic theoretical questions such as what socialism is and how to build, consolidate, and develop it. The party's basic line embodies and highlights the central content of this theory.

Reflecting and ruminating on history can give us insights and a feeling of depth. Some units compared the epoch-making changes wrought by reform and opening up in the last 15 years with conditions before the Third Plenary Session of the 11th CPC Central Committee and the great historical progress with the setbacks to socialism in some countries, and came to understand deeply that our country was able to withstand various severe tests and remained vibrant ultimately because of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the formation of the party's basic line under the guidance of that theory.

Theory characterizes and sums up history and forecasts the future. Many units analyzed and came to understand the current reform situation of Comrade Deng Xiaoping's theory of socialism with Chinese characteristics, and deepened their understanding of various party and state measures for deepening reforms. This year, the party and state unveiled many important reformist measures, all of which bear directly on the intimate interests of troops, commanders, and soldiers. Because leading cadres at all levels had thought about and handled problems from a standpoint that took into account overall interests and had actively and voluntarily done a lot of work, cadres and soldiers remained from beginning to end highly centralized, various missions and tasks were completed, and combat power was raised, despite the many practical difficulties confronting army building and all the ideas in the heads of cadres and soldiers.

Conscientiously Learn Socialist Market Economic Theory, Study to Solve New Situations and Problems, Continuously Strengthen Troop Cohesiveness and Combat Power

Developing a socialist market economic system is the new topic for building socialism with Chinese characteristics. Units focused on this topic in their theoretical studies. Many units hired experts to assist their studies, read books on the socialist market economy, visited and interviewed garrisons, and made field inspections. Through study, they changed their concept that a market economy is identical with capitalism, and realized that

as an effective means of allocating resources, a market economy does not carry any sociological implications. When integrated with the socialist system, the market economy inevitably widens the scope for development of productive forces and is the only way to socialist modernization. Studies have also changed some comrades' prejudices against market, in which they tend to find more negative than positive factors.

Theoretical studies only show their tremendous power when the results of such studies have been transformed into practical work guidance. From organs at headquarters to various troop units, everybody is probing for a troop-running method informed by the theory of socialism with Chinese characteristics and based on the new situation. The General Staff Headquarters is taking the study of Deng Xiaoping's thinking on army building in the new era as the focus of this year's work and actively implementing military strategic principles in the new era in order to continuously stimulate passion for training throughout the Army. The General Political Department called a seminar on ideological and political work in the Army to probe for a new way to handle well ideological and political work under a socialist market economy. The General Political Department is thinking of methods and measures to bring military and economic work in line with the socialist market economy. All these are deepening the study of socialist market economic theories and promoting army building.

Focusing Theoretical Studies on Developing the Good Tradition and Strengthening Clean Government Has Helped the Building of Ideological Style at Party Committees At All Levels

We must fight corruption and do two types of work, attaching equal importance to both, in the entire reform process. Such an argument, and a whole series associated with it, is a key integral part of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. In the past year, party committees at all levels studied repeatedly, and tried to appreciate, Deng Xiaoping's exposition of the clean government effort and the spirit of Comrade Jiang Zemin's key speech about high-ranking cadres setting an example for fighting corruption and advocating clean government, linking such studies with the implementation of the military commission's "Decisions on Developing the Good Traditions and Strengthening Clean Government." This has further increased the understanding of the utmost importance of strengthening the party style and clean government drives. Party committees and organs at all levels also analyzed the new situation likely to face the party style building effort under the development of the market economy. They reminded cadres to resist the temptations of "power, money, and women," and to transform unrelentingly their outlook on the world and life. Some units concluded that the in strengthening clean government in the new era, we must focus on the following four areas: Prevent change in ideals and convictions; prevent greediness in economic affairs; prevent laziness in work; and prevent corruption in lifestyles. Authorities at all

levels acted on the requirements of the military commission's "Decisions," and generally conducted self-investigations and self-correction through party committee democratic life sessions. Party committee secretaries and deputy secretaries set a good personal example for a "certain number of people" and further perfected measures for strengthening the clean government effort.

Combine Study of Comrade Deng Xiaoping's Strategic Thinking and Theoretical Viewpoints with Study of His Scientific Attitude and Creative Spirit, Work Hard To Raise Our Decisionmaking Power and Leadership

The roots of Deng Xiaoping's theory of building socialism with Chinese characteristics reach deep into the fertile earth of China, and its trees and branches are luxuriant. Only through study of Comrade Deng Xiaoping's strategic thinking, theoretical viewpoints, and his scientific attitude can we grasp the fundamental things. In studying the theory of building socialism with Chinese characteristics, cadres at all levels must pay careful attention to Comrade Deng Xiaoping's far-reaching vision, foresight, and strategic insight into the pulse of the times and opportunities for development, respect for truth and the masses, his position of always caring for the interests and wishes of the vast majority of the people, his thoroughly materialist stand, and his scientific way of thinking, which synthesizes emancipating minds and seeking truth from facts in creating this theory. Units generally reported that through study, their awareness of the overall situation had been strengthened when viewing problems and going about their work. They now think less in terms of short-term and individual unit interests; they pay more attention to investigations, studies, and are more inclined to produce new methods to deal with new situations and less dogmatic and empiricalistic; they are more aware of combining higher-level instructions and decisions with their units' practical conditions and carrying out their work creatively; and they have become less prone to copy and relay instruction without using their heads to digest them. Improved thinking among leading cadres effectively ensures the implementation of the Central Committee's and Central Military Commission's principles, policies, and instructions among troops and helps troops complete much of work brilliantly.

Part Two

HK2612073993 Beijing JIEFANGJUN BAO in Chinese
14 Dec 93 p 1

["Reporters' End of Year Report, Part Two" by staff reporter Gao Aisu (7559 5337 5685): "Take Path of Training Top-Notch Troops With Chinese Characteristics—Commentary on All-Army Study and Implementation of Deng Xiaoping's Thinking on Army Building in New Period"]

[Text] 1. The modernization of our army in 1993 is carried out under the guidance of the CPC Central Committee and the CPC Central Military Commission with Comrade

Jiang Zemin at the core, and in line with Comrade Deng Xiaoping's thinking on army building during the new period.

In his report delivered at the 14th party congress, Comrade Jiang

Zemin made the following remarks on the issue of strengthening army building: "It is imperative to take the road of training top-notch troops with Chinese characteristics in line with Comrade Deng Xiaoping's thinking on army building during the new period." An authoritative research institution under the Academy of Military Sciences has claimed: The first use of the formulation of "Deng Xiaoping's thinking on the army building during the new period" by the 14th party congress is an extraordinary event in the history of our party.

During this year, Chairman Jiang Zemin and Vice Chairmen Liu Huaqing and Zhang Zhen of the CPC Central Military Commission have raised clear-cut demands on many occasions concerning the whole army's study and implementation of Deng Xiaoping's theory on building socialism with Chinese characteristics, as well as his thinking on the army building during the new period. Both Volume 3 of the *Selected Works of Deng Xiaoping*, published this year, and Volume 2, which came off press a decade ago, have collected Comrade Deng Xiaoping's most important and creative works written during the process of formulating and developing his theory of building socialism with Chinese characteristics as well as his thinking on army building during the new period. The foreign press exclaimed: "Mr. Deng Xiaoping's complete and profound theoretical system has undoubtedly taken shape." Officers and men of our Army firmly believe still more: Comrade Deng Xiaoping is the chief designer not only of China's reform, opening up, and modernization drive, but also of the modernization of the people's Army.

2. When commenting on the move started in 1993 by the whole army to study and implement Deng Xiaoping's thinking on army building during the new period, this reporter has noticed in the first place that the study is being carried out on an unprecedentedly extensive scale.

This is the usual schedule—the work schedule of Jiang Zemin, general secretary of the CPC Central Committee and chairman of the CPC Central Military Commission: At the end of last year, during an important meeting held shortly after the conclusion of the 14th party congress, Chairman Jiang raised the strategic task for the whole army to study Deng Xiaoping's theory on building socialism with Chinese characteristics and his thinking on army building during the new period. On 22 March, in his important speech delivered at a group meeting of the PLA delegation to the 8th National People's Congress, Jiang Zemin called for efforts to "study Deng Xiaoping's theory on building socialism with Chinese characteristics as well as his thinking on army building during the new period, and push forward the construction and reform of our country and Army." On 5 June,

during an informal discussion with students of the PLA National Defense University, Chairman Jiang further stressed: Army cadres at all levels, especially senior leading cadres, should be good at integrating Comrade Deng Xiaoping's thinking on army building during the new period with the reality of all our troops, and carry out their work in a creative way. On 7 June, Chairman Jiang gave an important speech when conferring military ranks on six senior officers. It is believed by both domestic and foreign media that Jiang Zemin was already using the thinking of Comrade Deng Xiaoping concretely analyze major contradictions existing in army building and to expound on the essentials of the general principles of army work. Since the beginning of this year, Comrade Jiang Zemin has inspected many army units and given speeches to mobilize officers and men of the whole Army to make a thoroughgoing study of Comrade Deng Xiaoping's thinking on army building during the new period.

The following are things this reporter have seen in a number of most ordinary grass-roots army units: In a frontier defense battalion garrisoned in "the world's first town"—Tibet's Pali [1584 6849] town with an elevation of 4,000 meters, this reporter noticed under a glass plate in the office of Battalion Political Deputy Instructor Wu Deng an annual study program for the entire battalion. In an army unit which is located the farthest from its headquarters—the "Pioneering Heroic Company in Entering Tibet" under a certain army troop in Xinjiang—this reporter can see that study of Deng Xiaoping's thinking on army building during the new period has been translated into the conscientious action of its officers and men.

During the visits of this reporter to many army troops at the end of last November, the newly compiled *Selected Readings of Works by Mao Zedong and Deng Xiaoping*, which were still sending forth a delicate fragrance of printers' ink, were being distributed to every soldier of the whole army.

3. The whole Army's study and implementation of Deng Xiaoping's thinking on army building during the new period is also carried out in an unprecedentedly thoroughgoing way in 1993.

This reporter paid a visit to the Military System Research Department under the Academy of Military Sciences and was given a briefing by Director Lei: This year, the whole Army has organized experts to do research on Deng Xiaoping's thinking on army building during the new period, which are more thoroughgoing and systematic than those made during previous years. At present, over 10 monographs, including "An Introduction to Deng Xiaoping's Thinking on Army Building During the New Period," have been compiled and published. Moreover, a number of army units, such as the Academy of Military Sciences and the PLA National Defense University, have sponsored many academic and theoretical research activities. Under the topic on Mao Zedong's Military Thinking in *China Encyclopedia*,

which will come off press this year, Deng Xiaoping's thinking on army building during the new period is listed as a special entry.

This year is the centenary of Chairman Mao's birth. This reporter has noticed a formulation which attracts people's attention: Deng Xiaoping's thinking on army building during the new period is an important development of both Marxist military theory and Mao Zedong's military thinking. He has pointed the direction, both in theory and in practice, for the people's Army which is advancing towards the 21st century.

4. Study carried out by leading cadres at all levels is a key issue in the study of the whole Army. The Central Military Commission and the General Political Department have adopted a series of measures to enable leaders at all levels of the whole Army, especially senior cadres, to do a good job in the study.

At the beginning of this year, a book entitled *Selected Remarks of Deng Xiaoping on Army Building During the New Period*, which is compiled and printed by the General Office of the Central Military Commission, was formally distributed to lower levels; last April, a theoretical in-rotation training class was held at the PLA National Defense University for all cadres at the army level and above; last August, a theoretical study report meeting was held for all major Army units garrisoned in Beijing on the basis of a comprehensive survey on the progress of the study. Yu Yongbo, director of the General Political Department, addressed the meeting, calling for efforts to deepen study. By the end of the year, the General Political Department called two all-army theoretical seminars with the aim of further boosting the theoretical study of all troops.

Reports from all major units of the whole Army have showed clearly that 1,620 in-rotation training classes have so far been organized throughout the Army, with a big number of participants that has rarely been seen in recent years.

5. People can fully realize the value of great military thinking only during the practice of army building and only when dealing with issues concerning war and peace.

This year, the whole Army has been striving to push forward its modernization in accordance with tasks entrusted by the 14th party congress. According to Comrade Deng Xiaoping's scientific analysis of the international strategic situation, our army's modernization will be carried out during a relatively peaceful period in which no world war is expected. However, most of the partial wars which have taken place in this not-so-peaceful world in recent years have made use of modern technology, especially high technology. If we are determined to win future wars, we have to stress the need to train our troops under the conditions of high technology.

Exploration has yielded unprecedentedly gratifying results: Through study of Deng Xiaoping's remarks on

placing education and training in a strategic position, the central position of military training has been established in the entire army. Since the arrival of this winter, all troops have carried out camp and field training. Results of a survey conducted by the General Staff Headquarters have shown an apparent enhancement in the quality of military training of the entire Army. Meanwhile, military economic work has also taken the initiative to seek "convergence" with development of the socialist market economy. Modernized logistic supply has also been pushed onto another new level.

When looking forward to the whole Army's future study and implementation of Deng Xiaoping's thinking on army building during a new period, a comrade in charge indicated: Study of Volume 3 will dominate the work of the whole Army in a future period as well as throughout the next year. The PLA National Defense University will also provide leading cadres at the army level and above with in-rotation trainings by stage and in group. Special research carried out by party committees and administrative orders at the regimental level and above, education on common theoretical knowledge provided to officers and men in grass-roots units, and readjustments and supplements made by military institutes to the teaching materials of political theory study will all serve to bring true fulfillment of the great strategical task of arming the whole party and Army with Deng Xiaoping's theory on building socialism with Chinese characters as well as with his thinking on army building during the new period.

Deng Xiaoping's thinking on army building during the new period is a magnificent navigation light which will shine over the people's Army while it sails to the other glorious shore in line with a prefixed goal!

Part Three

*HK2612074593 Beijing JIEFANGJUN BAO in Chinese
15 Dec 93 p 1*

["Reporters' End of Year Report, Part Three" by staff reporter Zhang Chi (1 728 1716): "New Line of Thinking, New Substance, New Starting Point—Commentary on Situation of All-Army Military Training"]

[Text] In the history of the PLA's military training, the year 1993 is significant as a milestone. In this year, in light of Deng Xiaoping's thinking about army building, the Central Military Commission [CMC] confirmed the principle of military strategy for the new period and clearly stated the need to improve the armed forces' combat effectiveness under modern conditions, especially under high-technology conditions, thus lifting the curtain for a great reform of the military training of the PLA.

Although the PLA still has a long way to go in the depth and broadness of military training reform, this year is worth writing about in particular in the history of the PLA's military training. As some training experts argue, military-training enthusiasm in 1993 for researching

battles under high-technology conditions can compare with the year 1964 which had a far reaching influence in the history of the PLA's military training. Major leaders of some large units view the situation of this year's military training by saying: "It has new substance and high quality, and is well done" and the year is a "year of reform, development, and implementation."

According to news sent by staff reporters from various training sites, all troop units have not only conducted training on a much larger scale than in the past, but have also had an unprecedented change in the forms of training and in its effect.

The change is first reflected by the increasing importance attached to cadre training. Like opening a window in a four-walled room, the raising of the question of high technology has broadened the field of vision in military training and injected new vitality into it.

This year, organs of the headquarters and high and intermediary military academies and schools have given large numbers of seminars on high technology, held military symposiums, and held training classes about campaigns for basic-level units. Moreover, heads of the CMC and the PLA Headquarters have made many personal visits. This is the mark that cadre training has already entered the track of improving the knowledge structure once for all. "High Technology and Modern Warfare" and the "Application of High Technology in the Military Sphere and Its Influence on Battles," two books compiled by the PLA Headquarters, have become bestsellers in the barracks.

The scope of training for senior officers and organ personnel has widened considerably. The conventional general staff's "six abilities" is already inadequate and is developing in the direction of high military technology, such as the ability to operate microcomputers and write software. In recent military exercises, some senior and intermediary officers have directly operated microcomputers and the progress of major battles has been displayed by microcomputers. This is a marvelous change.

When asked what has impressed him most over the past year, a commander of a group army answered this reporter without hesitation: "I have come to know that it is not a question of whether or not you will fight a high-tech war, but that people will wage a high-tech war against you!" This short remark is a reflection of the history and status of the PLA and of the world's military strength. It is a rare remark.

Not that everyone has the same sense of urgency, of course. There is still a lot of work for us to do in order to change from contingency study to real education and from enlightening study to applied research. Nevertheless, the window is already open and a new wind is blowing in our faces. The new circumstances in modern times increasingly attract more people who hope to achieve modernization, do research on how to achieve modernization, and take action for modernization.

The change is reflected in the reform of combat methodology and training. In history, all previous major reforms of military training of the PLA were launched under ordinary conditions. This year, however, the central theme of training reform has focused on improving combat effectiveness under high-tech conditions.

For nearly a year of exploration, the entire armed forces began with research of high technology and foreign armies and have clarified some ideas. Organs, academies and schools, military units, and scientific research organizations have closely cooperated, forming a united force. They have carried out experiments in a planned way and step by step, and have reflected the situations of different levels vertically and taken into account all arms of services horizontally. Recently, this reporter visited some military units, and wherever he went, he saw people researching ways of countering electronic interference, defending against large-scale air raids, bringing down armed helicopters, and so forth. Although it is only a short time since they started doing so, they have already produced preliminary results; and although the results are not all satisfactory, they are an eye-opener. They have helped us see hope and strengthened our confidence. Some comrades fearing difficulties have now picked up enthusiasm.

The change is reflected by the real progress made in field exercises which guarantee the quality of military training in peacetime. Over the past year, leaders of military districts, organ personnel, basic-level companies, commanders and soldiers; the Army, the navy, the air force, and the Second Artillery have all held field exercises. Sometimes, they have to advance for several thousand kilometers; sometimes, they have to float on the sea. Sometimes, they have to weather storms and rain; and sometimes, they have to launch raids night and day. Under an adverse environment, complicated weather conditions, and strange geographical conditions, the troops are compelled to "practice giving commands, coordination, the art of war, and defense." This kind of simulated actual-combat exercises are unrivalled by exercises in military camps.

Field training over the past year has been coordinated by various arms and branches of the services using all types of weapons. It has been on a high level and highly difficult undertaking and is rare in years. Some branches of the services have also joined in exercises such as the airborne unit of the Army, the ground unit of the navy, and the special combat battalion. The Army, navy, and the air force have conducted concerted training in keeping with their common task, and this is the development trend of future training.

The change is reflected by the comeback of the fine tradition that ideological and political work serves the central tasks of military training. For some time, we have seldom heard people say "ideological and political work in the course of training." This year, we have not only revived this idea but, more importantly, political organs at all levels and vast numbers of political cadres have

entered training sites and have integrated ideological and political work with training, thus playing an irreplaceable role in ensuring the central tasks of and giving impetus to military training.

The noticeable change mentioned above shows from different angles that /the CMC's military strategy principle for the new period is guiding training reform, and achievements in training reform ensure that the military strategy principle for the new period is gradually being implemented./ This is a big task which we have just begun, and our task will remain very heavy in the future.

The year 1994 is a crucial year for fulfilling the idea of military training reform. As reform is deepening, we are entering a period in which we will be coping with new problems. By saying coping with new problems, we mean we will focus on deep-seated problems regarding military training that influence the situation as a whole, make careful arrangements, strengthen our advantages, break through difficulties, and reply to and settle the major issue of winning in modern warfare.

According to analyses by military experts, of the deep-seated problems, the most important one which has to be resolved is the relationship between our presently available weapons and war under high-tech conditions. This is a basic focal point in deepening training reform at the present time. If we say that many comrades feel at a loss when the question of high technology is put to them, then more and more comrades see that modern warfare is not merely an arena for high-tech weapons but also the theater for the competition of wisdom and courage between the belligerent parties. In a high-tech war, we must stress the importance of weapons and we must, all the more, not neglect the human factor. The large numbers of new weapons and equipment displayed in exercises so far this year enable us to see that not all of our weaponry is outdated and that we can do something great by integrating manpower and weapons. Being based on our presently available weapons also means that we will transform our present weaponry. The airborne unit of the navy is now transforming old radar with new technology, "restoring to life" a large amount of old equipment of the 1960's, and advancing them to the level of the 1990's. This example explains one thing: As long as we are full of confidence, raise the starting point, and work conscientiously, we can make progress in the process of deepening training reform.

The point now is that we should see the change and the clear direction for the change, and that our way of thinking has now been opened. Only by seizing the opportunity and boldly exploring can we surely find the way of winning in modern warfare with our presently available weaponry.

Part Four

HK2612075493 Beijing JIEFANGJUN BAO in Chinese
16 Dec 93 p 1

["Reporters' End of Year Report, Part Four" by staff reporter Fan Juwei (5400 3515 3555): "Comprehensively Lay a Foundation by Centering Around the 'Five-Point' Requirement—Commentary on Strengthening Building in the Grass-Roots Units of the Army"]

[Text] "All army units must be qualified politically and militarily, have a fine style of work, maintain strict discipline, and be assured of adequate logistical support." This five-point remark by Central Military Commission Chairman Jiang Zemin is an overall requirement for increasing the cohesiveness and combat effectiveness of army units under the new situation. It is also a central topic for strengthening army building in the grass-roots units in 1993.

1. Since the 14th party congress, the rapid growth of the socialist market economy has instilled new vitality into army building and raised many new issues for army units. The formulation of a new strategic military principle for the new period has ushered in a new phase in the Army's modernization drive and set new demands for grass-roots army work. Against such a background, what should we do to strengthen and standardize grass-roots army building in accordance with Chairman Jiang's "five-point" requirement? An important item in the leading organs' agenda this year is to conduct investigations of and study this issue.

Leaders of the Central Military Commission are the first to set examples. Chairman Jiang Zemin makes a point of going to barracks on an average of at least once a month, mostly to company units. He stressed: "Companies are the most basic level of the army. It is very important to build companies well.

At the beginning of this year, enduring the hardships of a long journey, military commission Vice Chairmen Liu Huaqing and Zhang Zhe, as well as other leaders of the military commission, went to various theaters, islands, companies, and border areas to watch military training, seriously learn about the situation at the grass-roots level, and solicit views from various quarters.

Thereafter, in-depth investigation and study by leading organs at all levels were conducted on a full scale. The General Staff Department focused on investigating training reform and troop management work in the new period; the General Political Department organized people to stay at many selected grass-roots units to gain first-hand experience on training issues, such as ideological and political work, grass-roots army building, and organizational building; and the General Logistic Department dispatched seven investigation and study teams, which travelled a total of 75,000 km, to gain a fairly comprehensive understanding of the real situation, from the basic living conditions of company units to the planning and management of expenditure and material.

The organs of various military regions, arms, and services set the focus of their investigation and study activities according to the special features of their localities and units. Some military regions took as a special topic the investigation of 100 company commanders and 100 company instructors.

The extraordinary significance of the investigation and study activities is: With the comprehensive fulfillment of Chairman Jiang's "five-point" requirement as an aim, the army has seriously explored such deep-level issues as how to carry out well, once and for all, basic and regular army building in the new situation and how to standardize grass-roots army building. It is learned that the "Outlines for Army Building at the Grass-Roots Level," an authoritative statute for guiding grass-roots army building which gives prominence to Chairman Jiang's "five-point" requirement and which has been revised after pooling the wisdom of the whole Army, will soon be made public once again by the military commission for trial implementation in the whole Army.

2. A comprehensive survey of army building at the grass-roots level this year shows that the series of important policy decisions, which have been adopted by the military commission and the general departments on the basis of investigation and study, are aimed at fulfilling Chairman Jiang's "five-point" requirement and, for this reason, have clear objectives in terms of guiding army building at the grass-roots level to suit the new situation, enhancing cohesiveness, and increasing the combat effectiveness of army units.

To ensure that army units are "qualified politically," Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and his idea on army building in the new period have been defined as the guiding thought for doing political work well in the Army. An all-army ideological and political work forum held in May stressed the need to unify military will with the powerful spiritual pillar and set forth specific demands to ensure the consolidation and enhancement of combat effectiveness. Based on this, political organs at all levels and all political workers have energetically explored the law governing it, and created many new methods for doing ideological and political work that are suited to the new situation of a socialist market economy. In particular, the organic integration of lively education on outlook on life and value with efforts to improve the environment of military barracks and solve the practical problems of officers and men at the grass-roots level has shown gratifying results in guiding both officers and men to serve in the Army with an easy mind and faithfully fulfill their duties.

To "be qualified militarily," the army has made greater efforts to deepen reform, improve military training quality, with a special focus on attaining three objectives, i.e., crack troops, high efficiency, and combined operation, and stressed training under hi-tech conditions. When inspecting troops stationed in Guangzhou, Vice Chairman Liu Huaqing stressed: To win a modern

war under the new technology conditions, great efforts should be made to attain the best combination of people and weapons. Therefore, an unprecedentedly large-scale camping and field training project, as well as coordinated training, was launched in the whole Army, and a gratifying situation of cherishing the Army, learning military skills, and training hard to become cracked troops has emerged.

To "have a fine style of work," leading comrades of the military commission talked about our Army's fine traditions wherever they went. When conducting investigation and study among troops stationed in Guizhou, Vice Chairman Zhang Zhen inspected places passed by the Red Army during the Long March and called on army units to do a good job of education in army traditions by various means. A number of models in carrying out hard struggle under the new situation were widely publicized. Officers have gained a consensus on the need to seek truth from facts, match words with deeds, and set good examples; respecting cadres and loving soldiers have become the order of the day; and a new democratic, united, and lively situation has emerged in army units.

To ensure that the troops "maintain strict discipline," the question of stepping up and improving troop management work has drawn the close attention of leaders at all levels. In line with the spirit of a central military leading comrade's instruction that the more we carry out reform and opening up and develop the socialist market economy, the more we should persist in strictly administering the Army and step up troop management, leading organs at all levels have persisted in combining management education with efforts to solve knotty problems. A new line of thinking on exercising comprehensive management in various ways, such as enhancing the awareness of officers and men of their functions, carrying forward the fine tradition of unity between officers and men, and creating a healthy and uplifted environment in barracks, has initially taken shape and yielded initial results through practice.

To "be assured of adequate logistical support," the organs of the general departments put forward tentative ideas and a series of supporting measures on logistic support in grass-roots units, especially units stationed in outlying areas and those areas where conditions are hard. These include adopting a dual preferential policy on guarantee of expenses and guidance of work, making overall arrangements, and taking comprehensive measures. As a result, the difficult problems of drinking water, housing, use of electricity, medical treatment, and keeping warm, which remained unresolved for a long time, have been resolved to a large extent. The pace of renovating housing below the battalion level has been speeded up, and about 1.2 million officers and men have moved into new modern barracks. The mess standards for soldiers, the grade standards for military grain supply, and the standards for water and electricity have all been upgraded one after another. Activities organized by the logistic supply departments to provide comprehensive services to units stationed in the outlying areas

or those areas where conditions are hard represents the generous solicitude of the military commission and the general departments for officers and men garrisoned on the frontiers.

Though the list is far from complete, it is still easy for people to profoundly feel from the aforesaid facts that, as a magnificent systems engineering effort, grass-roots army building in the new period has been given a solid foundation through meticulous construction since the beginning of this year in accordance with Chairman Jiang's "five-point" requirement.

3. It may well be said that 1993 is a year in which the whole army has reaped a large bumper harvest in strengthening building of grass-roots units. It is also a new starting point for grass-roots army building in the new period. Practice in the past year enables people to gain a systematic understanding and prompts some useful reflections.

—In-depth investigation and study and a comprehensive mastery of the actual situation ensure the accuracy of high-level policy decisions. In the view of some leading comrades, in conducting investigation and study, we should still more conscientiously try to comprehensively fulfill Chairman Jiang's "five-point" requirement, put it into a practice, and rationally distinguish between different levels and focuses to grasp problems at the grass-roots level more accurately and give more effective guidance.

—While "simultaneously grasping" building in the grassroots units, we should make further efforts to stress the main points. The key to fulfilling Chairman Jiang's "five-point" requirements is to grasp well the building of cadre ranks at the grass-roots level, pay more attention to the work of training, caring for, and cherishing grass-roots cadres, and fully arouse their initiative.

—"Comprehensive management" has become a consensus among all departments in grasping work in the grass-roots units. But the question of how to remove barriers between departments and organically integrate all fields of endeavor still needs to be further explored. To fulfill any of Chairman Jiang's "five-point" requirements, it is necessary to coordinate among all quarters and improve mechanisms.

—Further efforts should be made to change office work style. Centering on the fulfillment of Chairman Jiang's "five-point" requirements, we should more clearly define the duty of organs toward grass-roots units and really spend our energy guiding and serving grass-roots units.

It is appropriate to describe the next phase of army building in the grass-roots units with the words "the burden is heavy and the road is long." Provided that we continuously act in accordance with Chairman Jiang's

"five-point" requirements, and carry out thorough-going, meticulous, solid, and effective work, a lively new situation will certainly emerge in grass-roots army building.

Part Five

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17 Dec 93 p 1

["Reporters' End of Year Report, Part Five" by staff reporter Zhou Tao (0719 3447): "Adapt Oneself to Major Environment of Market, Establish New Convergence Mechanism—Commentary on All-Army Logistics Work"]

[Text] In October 1992, General Secretary Jiang Zemin solemnly announced at the 14th party congress: "The goal of our country's economic restructuring is to establish a socialist market economic system."

From then on, our country's modernization with Comrade Deng Xiaoping acting as the chief architect started a brand-new and great historical page of "transforming the mechanism" from a planned economy into a socialist market economy.

From then on, our Army started a great historical march towards the "convergence" of the military economy and the socialist market economy.

An Inspiring Theme

The year 1993, which is about to end, is one in which our country has markedly accelerated the pace of economic restructuring and rapidly "transformed the mechanism." Likewise, it is a year in which our Army has taken the initiative, in the process of deepening reform, to adapt its logistics work to the socialist market economy and try to "converge" with the latter.

This year, the degree of socialized security in the military economy is constantly increasing, which is concretely displayed in the following ways: Army-civilian capital construction of military logistics is more frequently implemented in accordance with the principle of integrating war with peace; a greater proportion of goods and materials are jointly stored and supplied by the Army and localities; the "market within the Army" corresponds to and converges with the market in society; the general security of the Army's logistics further develops, and so on. The military communications and transportation department of the Nanjing Military Region and "China Auto Industry Company" in east China have established a joint supply system of army vehicle spare parts and maintenance service, and supply points have been increased from two to 30 at one stroke, which extend across five provinces and a municipality in east China.

This year, the pattern of collecting military goods and materials through both centralized and decentralized practices by integrating reliance on the State and market orientation has taken shape step by step. The Navy and

the Second Artillery Corps have widened the function of the "good and materials coordination center," centralized collection of important and large batches of goods and materials, and fully utilized the "discrepancy between different localities and between wholesale and retail" in resources allocation under market economic conditions.

This year, the mechanism of supply inside the Army, which conforms to the law of market supply and demand, tends to be perfect. The Shenyang Military Region has summed up and popularized the practice of "three relative concentrations" in army lives. That is, with the backing of the non-staple food base in regiments, farming and sideline production in the Army is relatively centralized; with the backing of the service center, daily supplies for the Army are relatively centralized; and with the backing of the home company quartermaster, grass-roots economic management is relatively centralized, thus ensuring in a better way the improvement of officers' and men's living standards.

This year, as far as the work of doing scientific research on logistics is concerned, the Army has a greater and greater capability to make "two adaptations" for and offer "two services" to the two major fronts of military construction and national economy. Many units have given play to the superiority in extensive compatibility and generality possessed by the Army's logistics science and technology, thus speeding up the transformation of scientific and technological achievements into real combat strength and productive forces.

We can say that the theme of logistics work throughout 1993 is to adapt ourselves to the macroscopic environment of socialist market economy and to establish a new military and economic mechanism!

"Duality" To Be Reckoned With

How does the ever-growing socialist market economy affect the military economy? What kind of inspiration can we draw from the practice of initially converging the latter with the former?

Leaders of the General Logistics Department and some cadres of the organs said when interviewed by this reporter: To accomplish the organic "convergence" between the military economy and the socialist market economy, we must correctly understand and grasp the duality of socialist market economy as well as the similarities and differences between the military economy and the socialist market economy.

The so-called "duality" is precisely the coexistence of favorable and unfavorable factors or the coexistence of opportunity and challenge. As far as the favorable factors are concerned, the multidimensional opening of the socialist market economy is advantageous to promoting reform of the logistics security system at a deeper level; the expansion of market circulation and regulative functions is advantageous to widening the collection of military goods and materials and channels of reserve; the

extensive application of the law of market value is advantageous to taking various means to strengthen logistics administration; and the perfection of the socialized service security system under socialist market economic conditions is advantageous to lightening the Army's burden in offering services to society....As far as unfavorable factors are concerned, following the complete lifting of restrictions on market prices, it is difficult to predict factors of price rises, which will, at times, intensify the degradation of the real use value of military expenditure; following the huge reduction of state mandatory plans, it is more difficult to collect military goods and materials and to offer duty protection; and the discrepancy between various forms of distribution and different localities may widen the gap between the Army and localities and between different troops.

The so-called "similarities and differences" are precisely this: We must notice that the military economy, as a component of the national economy, must scrupulously abide by some "public" laws and requirements of the socialist market economy in the process of "convergence," such as value orientation, the yardstick of benefit, and the rule of competition. Meanwhile, we must also see that the military economy, as a component of the national economy, has its own intrinsic attributes in value orientation, internal structure, and operating mechanisms, and thus the starting point of "convergence" is not necessarily the same. Hence, we must be sober-minded and guard against blindness in "convergence."

Implementing Positive and Safe Policies

The new path is open but it is by no means smooth.

The "convergence" between the military economy and the socialist market economy is determined by the duality of the socialist market economy and the similarities and differences between the socialist market economy and the military economy. We must not only seize the opportunity but also meet the challenge; and we must not only achieve integration of similarities but also seek unity of peculiarities.

We must simultaneously explore and sum up experience while we are striding forward. People find it clearer and clearer that to realize an organic "convergence" between the military economy and the socialist market economy, it is necessary to uphold some basic points as follows:

—We must "converge" the two firmly. This means precisely that we must have a deep understanding of the correctness and urgency of establishing the socialist market economic system and of the necessity of reforming the military economic system in line with the reform of the state economic system. We must vigorously and conscientiously give an impetus to "convergence" rather than passively await and accept "convergence."

—We must "converge" the two dialectically. The standard of combat strength is the fundamental yardstick

of our Army's construction. We must uphold this standard in "converging" the military economy and the socialist market economy and dialectically handle well the relationship between military and economic benefits. We must uphold the standard of combat strength while following the law of the socialist market economy and guarantee military benefits while creating economic benefits.

—We must "converge" the two in a scientific manner. The establishment of the socialist market economy contributes to the development of social productive forces, but its negative functions are inconsistent with our Army's aim, tradition, ideology, style, and other requirements, which have to be screened out in a scientific manner in the process of "convergence" to promote what is beneficial and abolish what is harmful. We cannot copy certain economic components of the socialist market economy and indiscriminately apply them to the whole of military economic work.

—We must "converge" the two in a safe manner. We must proceed in an orderly way and step by step, emphasize practical results, make overall plans and take all factors into consideration, give specific guidance to different sectors, and differentiate various levels. We must assign different tasks and duties in the process of "convergence" to logistics units at various levels. We must make appropriate moves in macroscopic regulation and legislation as well as arduous efforts to introduce the market mechanism and strengthen logistics administration.

By seizing the opportunity and meeting the challenge in the process of "convergence," our Army will definitely advance logistics reform and construction to a newer and higher level!

Part Six

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18 Dec 93 p 1

[Reporters' End of Year Report, Part Six" by staff reporter Sun Jilian (1327 4949 3550): "An Important Way To Enhance Combat Capability—Commentary on All-Army Science and Technology Work"]

[Text] Our army work in science and technology has gone through an unprecedented breakthrough, which originated from Comrade Deng Xiaoping's great concept, "science and technology are primary productive forces." To study and apply science and technology, and rely on progress in science and technology to enhance combat capability has become a common understanding of our Army's broad ranks of officers and men, while being converted to top-down practice. The vast area, great number of people involved, and the great effects of such practice were unprecedented in the army history.

Under the leadership of the Central Military Commission with Comrade Jiang Zemin as its core, work in

science and technology has been placed in a more conspicuous position with the surfacing of pleasing momentum for development in 1993.

Serve Enhancing Our Army's Combat Capability Under High-Tech Conditions

A marked characteristic in our army work in science and technology this year has been the unfolding of a series of effective jobs in implementing the guiding thinking of the Central Military Commission, centering around the question of how military scientific research should serve enhancing our Army's combat capability under high-tech condition.

Work in science and technological has been put in an important position in our army development. Under the direct leadership of the Central Military Commission, various major units, services, arms of the services, and headquarters conducted readjustment of the original plans by focusing on the requirements of the new situation on the basis of strengthening strategic research on augmenting development in military scientific research, giving prominence to developing high technology and forming a whole range of weapons and equipment, and completing, perfecting, and augmenting development of key projects while allowing them some leeway in expenditures.

This guiding thinking has been implemented in practice. Looking at the statistics of the army's results in science and technology, defense science and technology have made comparatively great progress in such high-tech arenas as aviation, space flight, nuclear development, vessels, weaponry, and electronics for military purposes, with 742 results all told, of which 213 items have named for national prizes for progress in science and technology, and a number of high-tech results are up to the world advanced level. In scientific research in the arena of weaponry and equipment, development and renovation have been augmented by centering around the characteristics of modern warfare; at the same time, technological transformation is performed on existing equipment. Scientific research in logistics has centered around the Eighth Five-year plan for logistics scientific research and the Army's urgent needs, with some 200 science and technological results scored, of which seven items were given national prizes for invention and 21 national prizes for progress in science and technology. The common characteristic of these results was that the ratio of results were high and the proportion of key projects was raised universally, and they have all played an active role in enhancing our army combat capability under high-tech condition; topics of scientific research closely centered around the demand of military training and resolved some problems that had perplexed the Army for a long time for reasons of technology and equipment; the results of scientific research have very strong value in practical use, for they proceeded from the Army's present-day needs while working hard to provide powerful insurance to the Army's long-term development.

A series of campaigns and tactical exercises have been conducted in the army this year with the results applied extensively to the realization of "hardware" combining with "software," which played an irreplaceable role.

Guided by the spirit of the instruction by Chairman Jiang Zemin of the Central Military Commission that leading cadres at all levels in the Army, especially senior cadres, must take the lead in studying science and technology and work hard to master more knowledge in modern science and technology to make themselves eligible modern commanders, our army's senior cadres have made new progress in studying modern knowledge in science and technology. Liu Huaqing and Zhang Zhen, Central Military Commission vice chairmen, and leading members of the headquarters of the three services have all participated in related lectures, and set an example for cadres at all levels of the Army.

Pleasing Momentum in Exploring the Road of Reform

To deepen managerial reform of scientific research while converting mechanisms as the focus is the common topic facing all scientific research institutes in the army this year.

To push forward the progress of science and technological work, and promote the conversion of results, some scientific research and teaching units have gradually realized the responsibility system with leadership, the contract system, and competition as well as restrictive mechanisms, forming a whole range to make scientific research institutes more rational, with the distribution of personnel becoming optimal, and the realization of a sound cycle in the management of scientific research.

Picked forces will concentrate on the "major battleground" of military science and technology; the primary issue that must be urgently resolved in fulfilling defense and army building is reform in management of science and technology. For this reason, the Institute of Military Science has set out the train of thought for reform, namely, "to tackle with focus and resolve important realistic topics to more closely serve modernization." Some units, including the Second Artillery Corps and the Commission of Science, Technology, and Industry for National Defense, have formulated corresponding measures and plans for reform, too.

The establishment of the socialist market economy has provided an opportunity for in-depth reform in scientific research management. Many scientific research and teaching units have founded organizations and bodies of technological development while developing in the direction of scope, industrialization, and combination. These reform measures dovetail military scientific research activities with the socialist market economy, bringing very good social effect [she hui xiao yi 4357 2585 2400 4135] and economic returns, thus giving great play to the enthusiasm of the vast number of scientists and technicians. It was learned that the proceeds from

development in science and technology of military institutes and academies as well as scientific research institutes directly under the jurisdiction of the General Logistics Department has increased by 30 percent over last year.

While continuing to implement the principle of self-reliance this year, our Army has made full use of the great opportunity of reform and opening up in its science and technological work, enthusiastically imported foreign advanced technology and academic ideas, implemented opening scientific research, augmented international cooperation, adopted the methods of "channeling water into the canal" and "hatching eggs with help of another hen," which have accelerated research in high-tech arena and some key projects and, in addition, elevated the level of developing on our own. At the recently held "1993 Exposition of International Military Logistics Equipment and Technology" in Beijing, some 150 factories and companies from 18 countries and regions exhibited several thousands of items of advanced logistics equipment, with some 60,000 Chinese and foreign visitors attended. Through the recent exposition, we were able to see the basic condition of foreign logistics equipment, conduct technological exchanges, and widen the vision of scientists and technicians, while at the same time, importing much advanced technology and equipment; all this is of important significance to developing our Army's scientific research in logistics, technology, and equipment.

Organic Combination of Specialized and Mass Scientific Research

Mass activities in science and technology have always been a component of science and technological work of our Army. As high technology has entered barracks from the formerly mysterious temples and is being increasingly mastered by the broad ranks of officers and men today, the question of how to link scientific research units in the establishment organically with the Army's mass activities in science and technology is an important step in giving full play to the comprehensive strength of science and technology.

In voluminous day-to-day science and technological activities, ties between specialized scientific research units and the Army's mass scientific research have become increasingly closer, with a situation of supplementing and being indispensable to each other taking shape. Specialized scientific research units give play to their advantage in technological theory and assume responsibility for the development of major projects, while giving prompt technological support and guidance to the troops' major scientific research projects. In recent years, technological training centers, bottleneck-tackling scientific research groups founded one after another in the army, have worked hard to conduct end bottlenecks by focusing on the army's actual needs, with the surfacing of a large number of outstanding "indigenous experts," including "soldier experts," "company's senior engineers," and "anonymous patentees." On the one

hand, they provide reliable technological insurance for testing the results of specialized scientific research institutes, while setting forth suggestions for improvements based on actual needs; on the other hand, they give play to the advantage of their own technological strength in tackling science and technological bottlenecks with some of the results filling gaps in the country and the Army, thus laying down a solid foundation for the development of our Army's work in science and technology. The entrance of science and technology into barracks has brought an unprecedented new situation to modernization of our Army.

Military Commission Revises Grass-Roots Program

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[By correspondents Qin Baozhong (4440 0202 0022) and Wang Linchuan (3769 2651 1557)]

[Text] Beijing, 23 Dec (XINHUA)—Approved by Central Military Commission [CMC] Chairman Jiang Zemin, the "Program for the Army's Grass-Roots Building," jointly revised by the People's Liberation Army General Staff Department, the General Political Department, and the General Logistics Department, was promulgated recently in all army units for trial implementation.

The "program's" revision was one of the important measures taken by the CMC to improve the military's grass-roots building. Since its formal promulgation five years ago, the original "program" has played the positive role of standardizing, guiding, and promoting the all-round grass-roots building and of raising the army's fighting ability. As the CMC felt a pressing need to revise the "program" to better guide grass-roots building, it reached a number of major decisions, particularly after the convening of the 14th CPC National Congress, regarding army building with a view to meeting the changing situation. Drafters of the revised "program," keeping in mind the objective demands that the nation has placed on those who are responsible for the grass-roots building in the course of establishing a socialist market economic system and for those responsible for establishing a military strategy in the new period, closely revolving around the theme of raising the army's fighting capability, have fully incorporated in the revised "program" Deng Xiaoping's thought on army building in the new period. In addition to carrying forward our army's excellent tradition, they summed up and drew experiences from recent years' grass-roots building, correctly handled the relationship between grass-roots-building regulations and relevant legal documents, and reflected in the revised "program" the objective law of grass-roots building. The revised "program" is the grass-roots building's norm for the present as well as for some time to come.

One of the salient features of the revised "program" is the "program" drafters' efforts to standardize the norm for grass-roots building in line with Jiang Zemin's general demands for "political qualifications, perfect military operational skill, fine working style, strict discipline, and an effective logistics guarantee." The "program" set seven main routine tasks for those engaged in the army's grass-roots work. The routine tasks are our army's general summation of grass-roots building in the last several decades. A good job done in the aforementioned routine tasks will affect and help the all-round construction in the grass-roots work and consolidate the army's grass-roots units. The "program" calls for the army units to sponsor activities on selection of advanced company and outstanding soldier; those activities are a new development in the army's striving-for-the-best activities under the new situation. The activities will be conducive to encouraging the initiative of grass-roots units and army rank and file in grass-roots building in line with the "program." The "program" also set specific demands on leading organs to fulfill their main grass-roots building tasks, to raise ideological levels, and to improve work style.

The revised "program" consists of four parts. The first part deals with grass-roots building norms; the second involves the main routine work for grass-roots building; the third is about the examination and evaluation methods for grass-roots building; and the last part sets specific demands on leading organs to provide guidance and assistance in building up grass-roots units. Drafters of the new "program" not only retained the good points of the original program, but also improved on it; they showed a clear direction for the grass-roots construction work; they made clear the guiding thought over the grass-roots work; they further improved the competitive mechanism of the grass-roots building work; and they helped leading organs straighten out relationships in the grass-roots building work.

The CMC called on all army units to organize the study and implementation of the revised "program," to implement well, and to help raise our army's grass-roots building to new heights.

Army Paper Interviews Armed Police Commander
HK2212050293 Beijing JIEFANGJUN BAO in Chinese
5 Dec 93 p 2

[By staff reporter Chen Shengcheng (7115 3932 1649) and special correspondent Wang Zhankui (3769 0594 7608): "Increase Combat Effectiveness Through Modernization of Equipment—Interview With Ba Zhongtan, Commander of the People's Armed Police Force"]

[Text] In early winter, these reporters watched an exhibition of the Armed Police Force's weaponry on the drilling ground of the Hubei Provincial People's Armed Police Corps. Every exhibit was on the gratifying achievements in weapons construction of the Armed Police, as well as the development prospects of the

Armed Police's weaponry modernization. How to modernize the Armed Police Force's equipment was a question raised by us in an interview with Ba Zhongtan, commander of the People's Armed Police, who was here to attend the People's Armed Police work meeting on equipment.

"Of course, the Armed Police's modernization is not merely displayed in modernization of equipment. However, the modernization of equipment is an important sign of the Armed Police's modernization." Obviously, Commander Ba had considered the Armed Police's construction of equipment for a long time. He came straight to the point. He first analyzed, from the high plane of overall state and social stability, the importance of the Armed Police's equipment modernization. He said: With the constant deepening of reform and opening up, our country's political and economic situation will become better and better. However, stability is very important. An important thought running through Volume 3 of *Selected Works of Deng Xiaoping* is that economic construction can only develop under stable social conditions. The Armed Police take on the special task of maintaining social stability, hence they must have corresponding equipment. If someone thinks that the Armed Police's existing weaponry is more than sufficient to deal with criminals, their thinking lags behind the actual situation. Viewed from the real situation and from foresight of development, following the development of the economy, some new conditions and characteristics in public security will arise and groups of criminal elements will use increasingly modernized means to commit crimes on a large scale. If the Armed Police's equipment is not modernized, it will be very difficult to meet General Secretary Jiang's demands of "spearheading the attack" and "marching to the frontline" when we are required to perform certain tasks, and it will be very difficult to fulfill the historical mission granted to the Armed Police by the party and the people.

Commander Ba then switched the conversation from the current situation of the Armed Police's construction of equipment to the urgency of strengthening the construction of equipment. He said: After reorganization a decade ago, the Armed Police have really developed the construction of equipment under difficult circumstances, but overall, our equipment falls far short of task requirements. For example, we do not have effective means to pursue and capture fugitives and subdue criminals, and we do not have night-vision equipment, so we have to watch what is going with our naked eyes when we are on patrol at night. Early this year, the Hainan Armed Police Corps caught an armed criminal ring. They won a brilliant victory, but due to the fact that there were no night-vision devices in their police cars, they had to drive at night without any lights. They came within a hair of a car crash, which would have ended the mission. This shows that the Armed Police are short of necessary equipment to enhance their mobility, rapid reaction capability, and ability to deal with emergencies. Under many circumstances backward equipment poses a

problem to the Armed Police. Hence, General Secretary Jiang stressed that the Armed Police must strengthen weaponry construction and improve the capability to deal with emergencies under modern conditions. We cannot only discover and deal with problems in good time, but can also spare a lot of personnel if we modernize our weaponry.

Commander Ba moved the conversation to the relationship between weaponry construction and the Armed Police's combat effectiveness. He said: As far as the military aspect of the Armed Police's combat effectiveness is concerned, the goal is to strengthen their mobility, protective capability, assault-launching capability, reconnaissance capability, (confidential) communication capability, and logistics-support capability. These six capabilities and the modernization of weaponry are inseparable. Therefore, we must make scientific plans, guarantee our key points, develop step-by-step, and coordinate them in a systematic manner. It is hoped that we can be equipped with various vehicles, ships and boats, and helicopters to improve our mobility; that we can be equipped with shields, helmets, gas masks, bullet-proof jackets, car-stopping tacks, and better cars to improve our protective capabilities; that we can be equipped with various nonlethal and lethal weapons, cars and installations with attacking power, and awesome devices for propaganda to improve our assault-launching capability; that we can be mainly equipped with various specialized devices, such as telescopes, night-vision instruments, mine-sweeping apparatuses, toxicity-sensitive instruments, locators, and strong searchlights to improve our reconnaissance capabilities; that we can focus on the development of confidential communication equipment to improve our communication capabilities; and that we can be guaranteed of the supply of cooking cars, refueling trucks, ambulances, repair trucks, cooking utensils, and stretchers.

"Then, how to achieve the goal of weaponry construction?" Commander Ba answered this question after a moment's thought: We must, in the first place, use our limited funds where they are needed most. He said: Funds are the condition for the development of equipment, whereas large expenditure and a long period of investment is needed in weaponry construction, but there will not be a drastic increase of funds allocated to the Armed Police in the near future. Under such circumstances, we must try in every possible way to increase income and decrease expenditure, cut various administrative expenses, and divert as many funds as possible to equipment, and we must implement the general principle of acting according to our capability and make good use of our limited funds on equipment in a scientific fashion, striving to spend less and do more good things and bring into full play the greatest benefit of funds on equipment. Therefore, the work on equipment must be carried out by centering closely on the key task of the Armed Police's patrol duty and ability to deal with emergency, and priority must be given to safeguarding key police forces and developing key equipment. He

particularly stressed: Mobile police units are the key force in dealing with emergency, we must keep strengthening it. Of course, we must also give consideration to patrol forces and promote the coordinated development of equipment. We must do our work in order of importance and urgency, replenish and improve equipment step by step in a planned way, and strive to realize rational integration of needs and possible use.

Commander Ba also said that it is necessary to administer weaponry according to law and accelerate the pace of equipment construction on a regular basis. He said: The Armed Police are a long-term establishment for performing duties at all times. We must deal with emergencies at all times, which sets a higher demand on the administration of equipment. If the administration is chaotic, it will be very difficult to bring the best efficacy into play, even if we have superior equipment. He emphatically said: It is necessary to enhance education on laws and regulations and strengthen the awareness of caring for equipment so that every officer and man understands the importance of caring for equipment and conscientiously performing his own duties and obligations. It is necessary to lay stress on organizational discipline and strict enforcement of orders and prohibitions, put equipment into operation in strict accordance with its properties, designated uses, and stipulations, and resolutely check the phenomena of handling equipment without authorization and without following rules and regulations. We must carry out the activities of reaching the target of administering the Armed Police's equipment on a regular basis and in a scientific and systematic manner so as to establish and maintain good order of equipment administration.

The supplementary stipulations worked out by the Armed Police on the basis of the regulations on weaponry administration promulgated by the CPC Central Military Commission and the "General Rules of Implementing the Criteria of Scientific, Systematic, and Regularized Equipment Administration in the Armed Police" are the criteria of standardizing the Armed Police's equipment administration. All armed police corps must conscientiously implement these stipulations and sum up and spread their experience in accordance with the contents of the general rules and the "Detailed Rules and Regulations" on acceptance. We must treat the activities of reaching the target of administering the Armed Police's equipment on a regular basis and in a scientific and systematic manner as the important content of the construction at the grass-roots level. We must carry forward the spirit of self-reliance and arduous struggle to take the initiative to improve the conditions of equipment administration and try every means to solve the problem of parking vehicles outdoors to reduce natural depreciation.

"Science and technology is the primary productive force, which is, as far as the Armed Police are concerned, an important factor of combat effectiveness. We must use science and technology to promote the development of

the Armed Police's equipment construction." Commander Ba went on to expound the importance of promoting the transformation of scientific and technological achievements into combat effectiveness. He said: Armed police forces at all levels must carry out the work of scientific research on equipment in a purposeful, planned, and organized manner, arouse vast numbers of officers and men into action, and bring mass intelligence and wisdom into full play and give necessary support and guidance, thus enabling the work of scientific research to develop in breadth and depth. We must firmly gear our work to the needs of the central task of patrol duty and dealing with emergencies and proceed from the real situation to formulate scientific research plans on equipment and to organize key strength to tackle problems. We must bear long-term development in mind and also have our feet firmly planted on the Armed Police's real needs. We must improve real benefit of the work of scientific research and, in particular, do a good job in scientific research projects which have instant results with less expenditure and which are urgently needed by the Armed Police so that these projects can help strengthen the Armed Police's combat effectiveness as early as possible. All colleges and universities must bring the superiority of talent into play, do a good job in research and development, and make due contributions to the Armed Police's equipment construction.

Forum Held To Mark Zhu De Anniversary, Biography

Liu Huaqing Speech Carried

HK2212050093 Beijing JIEFANGJUN BAO in Chinese
11 Dec 93 p 1

[Report: "Excerpts of Vice Chairman Liu Huaqing's 10 December 1993 Speech at a Forum Marking the Publication and Distribution of *Biography of Zhu De* and Commemorating the 107th Anniversary of His Birth"]

[Text] Comrade Zhu De was a great proletarian revolutionary, politician, and military strategist who enjoyed high prestige and commanded universal respect. He was a outstanding leader of our party, state, and Army. All commanders and fighters of the Chinese People's Liberation Army cherish a special feeling for Comrade Zhu De. He was one of the principal founders of the Chinese People's Army and a world-famous commander-in-chief of the Chinese Workers' and Peasants' Red Army, the Eighth Route Army, and the PLA. Linked for a long time with that of Comrade Mao Zedong, his name was our Army's banner of victory in vanquishing the reactionaries at home and abroad and was the honor and pride of the Chinese People's Army.

From the 1 August 1927 Nanchang Uprising forward, Comrade Zhu De always stood in the forefront of the

armed struggle of the Chinese People's Army. At Jinggang Shan, in the struggle to set up the Central Revolutionary Base Area, in the first to fourth anti-"encirclement and suppression" wars, in the 25,000-li Long March, in the eight-year war of resistance against Japanese aggression, and in the war of liberation—the great decisive war which decided the fate of China—Comrade Zhu De fully displayed the extraordinary courage and resourcefulness and outstanding talent of a proletarian military commander in directing the war and conquering the enemy. He performed indelible meritorious deeds for the birth of New China.

Comrade Zhu De consistently upheld the party's absolute leadership over the Army and called on the whole Army to maintain the purpose of wholehearted service to the people. Having rich experience in running the Army, he systematically and profoundly expounded various issues, such as the way to maintain, lead, train, and use military forces; military command; political work; disintegration of enemy troops; military equipment; and logistical support. These expositions enriched Mao Zedong's system of military thinking and played an important role in shaping the PLA's fine traditions and boosting army building.

After the founding of the PRC, Comrade Zhu De attached special importance to building a powerful and modern national defense army capable of repulsing any external aggressors. He threw a lot of his energy into such work as changing the unitary structure of the Army, which was chiefly composed of the infantry, establishing the Air Force, Navy, and armored force, and strengthening the artillery, engineer corps, antichemical warfare corps, railway corps, and military academies and schools. He called on the whole Army to enhance their military capability and political consciousness, arm themselves with the latest science and technology, and learn combined operations by various arms and services, and thus made important contributions to building our revolutionary, modern, and regular Army.

Not only was Comrade Zhu De a great military commander, he also made contributions in numerous ways to the cause of China's revolution and construction. He was good at applying Marxist theory in solving practical issues in China's revolution and construction. With a fine style of seeking truth from facts and maintaining close contact with the masses, a steel-like revolutionary will of fearing no difficulty or danger, and a noble character of being open and aboveboard, working selflessly for the public interest, taking the overall interest into consideration, being magnanimous, clean, and honest, working hard, and living a plain life, he won the heartfelt respect and love of the officers and men of the whole Army and people throughout the country. His lofty and unsophisticated image will always live in our hearts.

Now, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the leadership of the Central Committee and the

Central Military Commission with Comrade Jiang Zemin as the nucleus, we are advancing in the direction laid down by the 14th party congress and the Third Plenary Session of the 14th CPC Central Committee and marching courageously toward the grand objective of further reform, opening up, and socialist modernization. The great achievements and exemplary ideological style of Comrade Zhu De and other proletarian revolutionaries of the older generation will always be a tremendous spiritual force motivating our constant progress!

Zhang Zhen Remarks Noted

HK2212080093 Beijing JIEFANGJUN BAO in Chinese
11 Dec 93 pp 1,4

[Report: "Excerpts of Vice Chairman Zhang Zhen's 10 December 1993 Speech at a Forum Marking the Publication and Distribution of *Biography of Zhu De* and Commemorating the 107th Anniversary of his Birth"]

[Text] Comrade Zhu De was one of the main leaders of the CPC and PRC, one of the founders of the PLA, a distinguished proletarian revolutionary, politician, and military expert, and chief commander of the Chinese People's Army. His eventful life spanned the significant historical periods of the Old and New Democratic Revolutions and the socialist revolution and construction.

Comrade Zhu De was born on 1 December 1886 into a tenant family in Yilong County, Sichuan Province. In 1909, he enrolled in the Jinwu Hall of the Yunnan Military Academy and began his soldiering career that spanned more than half a century. In the same year, he secretly joined the Chinese Tongmenghui led by Sun Yat-sen. He later participated in the Yunnan Uprising, the Xinhe Revolution, and the 1915 anti-Yuan Shikai protect-the-country battle in which he showed his great military talent and became a famous general in Yunnan. However, he threw away high pay and official rank and left Yunnan in the spring of 1922, first for Beijing, and then Shanghai to look for the just-established CPC. Later, he went to Marx's home country—Germany. In November of the same year, with Zhou Enlai's referral, he joined the CPC and from then dedicated his life unreservedly to the great communist cause.

In 1927, after Chiang Kai-shek and Wang Jingwei betrayed the revolution, Comrade Zhu De joined the "1 August" Uprising in Nanchang, Jiangxi. In early 1928, Comrade Zhu De launched the Southern Hunan Uprising with the coordination of local party organizations. In April, Comrade Zhu De led the residual troops from the Nanchang Uprising and Southern Hunan up to Jinggangshan and there joined forces with troops under Mao Zedong's command. That was the joining of forces at Jinggangshan, an event of great historical significance, from which was born the 4th Army of the Workers' and Peasants' Red Army, with Zhu De as the Army commander and Mao Zedong the party representative. Hence the pair worked closely and fought shoulder to

shoulder, and their soldiers were named the "Zhu-Mao" Red Army, a banner for Chinese people's struggle for victory.

After August 1930, Comrade Zhu De was general commander of the Chinese Workers' and Peasants' Red Army and its First Front Army, and chairman of the Central Revolutionary Military Committee. Together with comrades such as Mao Zedong and Zhou Enlai, he commanded the Red Army in the triumphant defense against the four "containments" by the KMT army of the Central Committee revolutionary base. In January 1935, at the Zunyi Conference, a historical turning point, Comrade Zhu De firmly supported Comrade Mao Zedong's correct standpoint and criticized "leftist" adventurous mistakes.

After the First Red Army and Fourth Front Army met, General Commander Zhu De moved in step with the troops on the left wing [as published]. Led by Comrade Mao Zedong, part of the troops on the right wing [as published] continued up north, while most of them headed down south. During Zhang Guotao's separatist activities against the Central Committee, under extremely complicated and difficult conditions, Comrade Zhu De was compelled by his sense of justice to uphold the party's principles, but he patiently educated, persuaded, and united the soldiers and commanders of the Fourth Front Army, and together with the later arrival of the Red Army Second Front Army, waged effective struggles against Zhang Guotao's separatist activities and maintained solidarity and unity in the party and Red Army.

In 1937, the War Against Japanese Aggression broke out. The Red Army was regrouped into the Eight-Route Army of the KMT Revolutionary Army. Zhu De was its general commander (the Eighth-Route Army had earlier been renamed as the 18th Group Army with Zhu De as its general commander) and concurrently secretary of the frontline committee of the CPC Central Committee Central Military Commission (later renamed the North China Military Subcommittee). He led the Eighth-Route Army in penetrating behind enemy lines in north China, fully mobilized the masses, launched extensive guerrilla warfare, set up bases, and developed an anti-Japanese united national front. In three years' time he, together with Comrade Peng Dehuai, carried out central policies with consideration to the practical conditions in war on the north China front under extremely difficult conditions, rapidly strengthening the Eighth-Route Army and anti-Japanese bases. They led and unified masses and troops to overcome numerous unthinkable difficulties, shattered Japan's repeated attempts of "sweeps," and established a new pattern of sustained resistance efforts behind enemy lines.

In May 1940 Comrade Zhu De returned to Yanan from the frontlines. At that time, Japanese aggressors and the conservative faction of the KMT Army had imposed a tight economic blockade on the Shaanxi-Gansu-Ningxia border areas and anti-Japanese bases, and soldiers and

people in border areas were facing serious economic difficulties. Comrade Zhu De took this problem very seriously and suggested to Comrade Mao Zedong the "Nanniwan policy," which had soldiers farm their garrisons. The policy promoted a great campaign for productive forces in border areas, and "Nanniwan Spirit" became part of the Chinese PLA's good tradition.

Following the War Against Japanese Aggression, Comrade Zhu De pursued a head-on struggle against the reactionary KMT's deliberate effort to instigate a civil war. After the civil war was at full scale, he acted as the PLA general commander. In the stage of decisive battles in the People's Liberation War, he assisted Mao Zedong in organizing and commanding the Liaoxi-Shenyang, Huai-hai, and Pingjin Battles. In April 1949 he issued the order commanding the PLA to go on a nationwide offensive with Mao Zedong.

Following the founding of the PRC in October 1949, Comrade Zhu De was successively Central People's Government vice chairman, PRC vice chairman, and the National People's Congress Standing Committee chairman. In the party he was successively CPC Central Committee Political Bureau member, Central Military Commission vice chairman, Central Discipline Inspection Commission secretary, and CPC Central Committee vice chairman. In September 1955 Comrade Zhu De was conferred the title of PRC marshal. By then he was advanced in age, but he shunned comfort, and cared about and directed the effort to revolutionize, modernize, and regularize the PLA, often travelled around the country for investigations and studies to get an understanding of the production and living conditions of the masses, actively participated in important decision-making in socialist revolution and construction, and offered many insights into China's practical conditions. He visited foreign countries many times, met with foreign leaders, and increased friendship of Chinese people with peoples of the world.

One outstanding characteristic of Comrade Zhu De was his great love for the people, and his skill at mingling with them. During the war years, he became an ordinary peasant in rural areas, and a soldier among the troops, and it was very hard to tell he was the general commander with tens of thousands of soldiers under him. After the founding of the country, as one of the main party and state leaders, he still maintained this good style, always seeing himself as an ordinary member of the laboring people. He consistently opposed the way party members cadres became arrogant with their merits, distanced themselves from the masses, and sought privileges. As an personal example, he set strict demands on his children.

During the Cultural Revolution, Comrade Zhu De was libeled and persecuted by the Li Biao and Jiang Qing counterrevolutionary clique. But he resisted it in many ways and, under the difficult condition of being treated unfairly, remained caring about the fate of the state and party, and firmly believed that the people and Army of

our country would never follow those people. In 1975, 89-year old Comrade Zhu De wrote the four big characters—"pursue revolution to the end"—to express his strong determination to struggle for the communist cause all his life.

In his life, Comrade Zhu De contributed in many ways toward Chinese revolution and construction. In people's wars, founding the people's armies, economic construction, party building, and other areas, he solved China's practical problems with the help of universal Marxist truths and made important contributions to the formation and development of Mao Zedong military thought.

Comrade Zhu De firmly believed in communism. Whatever the difficulties and obstacles, he was always firm as a rock and never wavered. He was full of revolutionary optimism. He stayed clean all his life, obeyed discipline, never abused powers for personal gain or mindful of personal benefits or losses, and was a shining model for party members. He demanded highly of himself, was open and aboveboard, able to view a situation as a whole, kind and forgiving with others, and good at rallying comrades, but clear and never ambiguous in matters of principle. His style was modest but solid and very pragmatic. He favored a down-to-earth manner in work, talking things over with the masses, and getting things done in a business-like way. Comrade Zhu De's tall, unassuming, and simple image is forever in the hearts of the party, Army, and the people of the whole country. We must learn from his revolutionary spirit, intellectual quality, and moral character. Led by the Central Committee and Central Military Commission with Comrade Jiang Zemin as the core and combined with the practical situation of army building under the new era, we will conscientiously study Volume 3 of the *Selected Works of Deng Xiaoping* and his other works, and work actively to raise the effort to revolutionize, modernize, and regularize our Army to a new level.

Shandong Secretary on Militia, Reserve Force Work

*SK2812141893 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 27 Dec 93*

[Excerpts] From 25 to 27 December, the provincial military district party committee held its plenary session to relay the spirit of the Central Military Commission, to summarize the work done in 1993, and to make work arrangements for 1994.

Jian Chunyun, secretary of the provincial party committee and first secretary of the party committee under the provincial military district, delivered a speech at the session. In his speech, Comrade Jiang Chunyun fully acknowledged the work done in 1993 in training militiamen and reserve forces. He said: The situation prevailing in the province's work of training militiamen and reserve forces is fine. Party committees at all levels have upheld the principle of having the party control the Armed Forces and enhanced their leadership over the work in this regard. The construction of militia forces at

grass-roots levels and the work of having militia forces take up labor work for covering their expenses have achieved a new development. The province has realized consecutive safe management over militia arms and ammunition over the past eight years. The province has also made a breakthrough in ensuring the quality and quantity of the work in the fields of armymen recruitment, the Army-civilian campaign of building civilized units, national defense education, and having militiamen standing by.

Talking about next year's work, Comrade Jiang Chunyun pointed out: Efforts should be made to earnestly study the third volume of Deng Xiaoping's selected works and to implement the spirit the Third Plenary Session of the 14th CPC Central Committee. This is the important task for leading cadres at all levels in their ideological construction. By conducting study in a down-to-earth manner, these leading cadres should truly master the theory of Comrade Deng Xiaoping on building socialism with Chinese characteristics; continuously upgrade their consciousness and firmness in implementing the party's basic line; and enhance the unity, practice, scientific nature, and creativeness in the work of training militiamen. In line with the party's central work, they should organize militiamen to actively engage in the construction of socialist modernizations; to be loyal to reform; to support reform; to safeguard reform; and to play a leading and backbone role in building the two civilizations. Leading personnel at all levels should firmly foster the concept of national defense and enhance their sense of emergency and responsibility in military work. They should actively engage in the exploration suitable to the future work of building reserve forces and realistically enhance the construction of personnel's contingent of the people's Armed Forces departments at grass-roots levels. They should also further implement the provisions set by the central authorities and the Central Military Commission on building the Armed Forces departments at grass-roots levels and the relevant regulations set by the provincial party committee in this regard. Efforts should be made to perfect the organizations of the Armed Forces departments at grass-roots levels, to stabilize the organs, to continuously do a good job in conducting the readjustment and exchanges of cadres among Armed Forces departments in line with the demands of having militia cadres be younger, to enhance the professional training, and to strive to build the personnel's contingent of Armed Forces departments suitable to the national defense construction in the new historic period. We should further strengthen the practice of having the party control the Armed Forces and implement the tasks for the party to control them. Local party committees at all levels should earnestly perform their duties of having the party control the Armed Forces and discuss or deal with in a timely manner the major and important problems cropping up in the work development of training militiamen and reserve forces so as to effectively carry forward the province's tradition of having the party

control the Armed Forces and to better conduct the construction of national defense reserve forces in the province.

Yi Yuanqiu, deputy secretary of the party committee under the provincial military district and commander of the military district, delivered a work report at the plenary session. [passage omitted]

Liu Guofu, secretary of the party committee under the provincial military district and political commissar of the military district, delivered a speech in closing the session on describing the opinions of how to have the leadership of party committees be suitable to the demands under the new situation and on introducing the issues of further promoting overall development in the work of building armed, militia, and reserve forces.

Economic & Agricultural

Government To Unify Exchange Rate in Jan 94

OW2912083993 Beijing XINHUA in English 0731
GMT 29 Dec 93

[Text] Beijing, December 29 (XINHUA)—China is to introduce a floating foreign exchange rate system from January 1, 1994, the People's Bank of China announced here today.

This unitary and controlled floating exchange rate system based on market demand and supply will replace the current dual-track system, a spokesman for the People's Bank of China said.

The move is part of the reform of China's foreign exchange system to be undertaken in the new year.

Rule Allows Dimissal of 'Incompetent Employees'

HK2912061493 Beijing CHINA DAILY in English 29
Dec 93 p 3

[Report: "State Units Can Fire Employees"]

[Text] Incompetent employees can now be dismissed by State-owned institutions in Beijing.

In the past, employees of schools, government organs, hospitals, scientific research institutions and the mass media could only be fired after committing major violations.

According to the new regulation, Beijing institutions now can fire employees if they:

- Fail to do work properly for two successive years and refuse to move to other posts arranged by their units;
- Refuse to accept a job transfer in the wake of streamlining;
- Stay away from work without leave or good reason for more than 15 days in a row or for more than 30 days a year;

- Harm the economic interests of their unit or severely break professional ethics;
- Make trouble deliberately, fight or threaten the heads of their institutions.

The new statute, reported in yesterday's BEIJING DAILY [BEIJING RIBAO], states units must notify employees of their decision 20 days before the dismissal certificate is formally issued.

Units should pay fired employees some living expenses. And, if unemployment insurance is part of units' benefits packages, sacked staff members can still enjoy their unemployment insurance pensions.

Dismissed employees disputing their firing can apply for re-consideration with the units or appeal to higher authorities. They can also seek assistance from the arbitration office of Beijing Talents Exchange and Service Centre.

Since 1991, the centre, which operates under Beijing's personnel bureau, also plays a role in helping people resign from units they do not like.

The centre has gone through formalities for 388 people who wanted to quit their units so they could transfer to units where they did want to work.

Allowing people to resign and employers to discharge staff is part of the current reform of China's personnel system. It is aimed at promoting efficiency in the workplace and making the best use of talent.

Under the old system, Beijing institutions usually did not have any say over firing employees. And, transferring from one unit to another used to be out of the question for individuals if the transfer was not initiated by the unit.

Zhu Rongji, Macroeconomic Control Discussed

HK2912114093 Hong Kong HSIN PAO in Chinese 24 Dec 93 p 19

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429) in Beijing, 22 December 1993]

[Text] Vice Premier Zhu Rongji of the State Council, who was entrusted with the task of rectifying financial order in June and July 1993, has reportedly encountered resistance from local officials in many areas because of his macroeconomic regulation and control measures—including tightening up credit conditions—and has been maintaining a low profile. He has even lived a secluded life and tried his best to refuse reporters' requests to cover almost all activities he has participated in alone. Hence, there is a rumor that his macroeconomic regulation and control measures will be ended by the end of this year. However, according to a report by the ASIAN WALL STREET JOURNAL on 10 December, Zhu Rongji denied during an interview recently that China has abandoned measures to cool down inflation and curb

vicious speculation in the real estate and stock markets, which have been operating since June. He said: "This is a misunderstanding, because the fact is that we have not widely loosened credit conditions, and we are continuing to implement macroeconomic regulation and control measures." "We have already achieved successes in implementing these measures in the summer, but only by intensifying reform can we solve the long-standing problem in the Chinese economy, which is characterized by swinging between rapid and inflation-activated growth and government restriction by regulation and control." He also disclosed that in order to make the localities support the regulation and control measures of the central authorities, "in the past two months, I have inspected half of the 30 provinces and municipalities to persuade the local authorities. I have lost 2.5 kg in weight in exchange of friendship." This shows that since the work to rectify the financial order was begun, Zhu Rongji has recognized that if the relationship between the central and local authorities is not earnestly handled, it will be impossible to accelerate the pace of establishing a structure of socialist market economy and ensure a sustained, speedy, and healthy development of the national economy.

Zhu Rongji Inspected 16 Provinces in 65 Days

Sources from Beijing revealed that Zhu Rongji spared no effort in persuading local leaders. From the last 10 days of August to early November he spent 65 days visiting nearly 90 prefectural, city, district, and county party and government organs, enterprises, and units in 16 provinces, municipalities, and autonomous regions, calling more than 80 meetings and forums, and talking with more than 350 people from various circles. On the eve of the Third Plenary Session of the 14th CPC Central Committee (held from 11 to 15 November), he submitted a written report on his inspection trips to the Political Bureau of the CPC Central Committee and the State Council. The main content of his report was how to handle the relationship between central and local authorities.

In his written report, Zhu Rongji said: During the recent inspections it was found that some local party and government leaders did not understand and were reluctant to conscientiously and comprehensively implement the policies and macroeconomic regulation and control measures of the central authorities. Overemphasizing their particularities, they demanded that the central authorities give them special policies and special considerations. Some local party and government leaders admitted that, although based on their sense of organization they would implement central policies and measures, they were not really convinced and could not coordinate with the central authorities. In a small number of areas, the local party and government leaders were even opposed to the macroeconomic regulation and control policy of the central authorities. Therefore, the question of making local leaders maintain unity with the central authorities and really understand and conscientiously implement the central policies is the key link in

intensifying reform and developing the economy. But in order to make local authorities maintain unanimity with the central authorities, the central leaders should often visit localities if conditions allow so that they can know more about the trends of development in various localities by seeing, listening, and asking. At the same time, they should actively give publicity to the central policies and help local authorities solve their difficulties. Through these channels, the local authorities will more conscientiously implement the policies issued by the central authorities and there will be fewer obstructions and setbacks.

What Zhu Rongji said means that he hoped the central leading cadres could overcome their bureaucratic style of work. Since he has gone deep into various localities, what he said was naturally more persuasive. However, bureaucratism, which was criticized by Deng Xiaoping 13 years ago in his well-known speech entitled "Reform of the Leadership System of the Party and State," still exists today. It shows once again the necessity and imperativeness of political structural reform.

Macroeconomic Regulation and Control Encounters Local Obstructions

The sources said Zhu Rongji and other leaders of the CPC Political Bureau and State Council were not well-received everywhere when carrying out inspections in local areas. On the contrary, they were "contradicted" on many occasions. Shandong complained that the rectification of financial order had greatly restricted the normal development of its economy and the enterprises producing high-return and good products had been seriously affected. Jiangsu openly declared that if the new financial and tax systems were implemented the financial and tax burdens of the province would greatly increase and the township and town enterprises would be unable to upgrade their production and renew their products or achieve greater development. Hainan required the central authorities to maintain the continuity of policies rather than substituting a new structure for the "23 basic policies for the special economic zones," which had just been promulgated and had not been fully implemented. Henan and Shaanxi required the central authorities to give them special policies and reduce the taxes turned over to the state by 30 percent each year in the next five years so that they can use the money to develop local capital construction projects, and Jiangxi and Ningxia asked for the establishment of "inland free economic zones."

In view of the fact that macroeconomic regulation and control encountered local obstructions and resulted in strained relations between local and central authorities, which are detrimental to reform and development, at the Third Plenary Session of the 14th CPC Central Committee and the national economic work conference, which was held in early December, General Secretary Jiang Zemin repeatedly promised to take the interests of both the central and local authorities into consideration, stressing the principle of "the whole taking care of the

parts, and the parts submitting to the whole." At the Third Plenary Session of the 14th CPC Central Committee, Zhu Rongji particularly praised Guangdong for playing an exemplary role in reform of the financial and tax structure and in submitting the interests of the parts to those of the whole.

The purpose of the efforts made by both Jiang and Zhu was to enable the localities to establish a sense of the whole and recognize that it is unavoidable that some localities still have to make greater contributions to the state in certain fields so that the leading cadres can conscientiously submit local interests to the interests of the whole when there were contradictions between them. However, under the impact of the market economy, how many communists are still holding this idea of putting the interests of the whole before the interests of the part and putting the interests of others before their own interests? No wonder Zhu Rongji could also feel the difficulties in establishing a socialist market economic structure!

Selfish Departmentalism Severely Criticized Again

The sources also pointed out that during his inspection in Shanghai, in view of local departmentalism and the idea of rejecting macroeconomic regulation and control, Zhu Rongji called a meeting of main party and government leaders from three provinces and one municipality (Jiangsu, Zhejiang, Anhui, and Shanghai) to severely criticize these ideas. He said: "To ensure a sustained, speedy, and healthy development of the national economy, I would like to reiterate that the localities should conscientiously implement the policies and principles of the central authorities and should not go their own way. If the localities have acted in accordance with the central policies and have thus hindered their economic development, I would like to be held responsible for that. If the central authorities assign a job to me and I do not do it well, I will resign. But since we are communists, we cannot just have the title. We must make more contributions to the state and the people. Otherwise we cannot call ourselves public servants of the people."

In fact, since taking charge of economic work, Zhu Rongji has more than once expressed his resolution of "resigning if not doing a good job." On 6 October, in his report to the Chinese People's Political Consultative Conference [CPPCC] Standing Committee meeting, which was entitled "the State's Economic Situation at Present and Countermeasures," he made an astonishing statement. He said: "The overheated (economy), which is out of control now, is unlike what happened in 1988. At that time, the masses rushed into shops, but this year, if it not successfully controlled, the masses will rush into banks. If the banks collapse, the impact will be even bigger, and we will have to step down." The pity is that his viewpoint on "rectifying financial order" has not

been fully accepted by local cadres and the macroeconomic regulation and control measures he has advocated are encountering obstructions from the localities even to this day.

However, he can be gratified at the fact that the idea of "establishing a perfect macroeconomic regulation and control structure" has been added to the "Resolution" of the Third Plenary Session of the 14th CPC Central Committee. According to the "Resolution," in order to change the planned economy into a market economy, it is necessary to stress both macroeconomic regulation and control and intensify reform. If there is only macroeconomic regulation and control without intensifying reform, it is possible that the old structure will be resumed. But if there is only intensification of reform without the former, reform will be unable to develop once the economy deteriorates. The efforts made by Zhu Rongji have been proved worthwhile. People are expecting that Zhu Rongji, who has just been selected as man of the year by ASIA WEEKLY [ya zhou zhou kan 0068 3166 0719 0436], will further display his talent in reform, which is aimed at establishing a socialist market economic structure, or "China's second revolution," as called by Deng Xiaoping.

Li Ruihuan Discusses Socialist Market Economy

OW2812164293 Beijing XINHUA in English 1510
GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—Li Ruihuan, a top Chinese leader, said today the establishment of a socialist market economic structure is an "entirely new undertaking" and a "profound revolution" as well.

Li, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), a think-tank in China, asked CPPCC members at all levels to plunge into practice in creating a market economy and make their due contributions to the new undertaking.

Addressing a meeting of the Standing Committee of the CPPCC National Committee which closed here today, he said that the decision of the Chinese Communist Party Central Committee on issues concerning the establishment of a socialist market economic structure demonstrates that China's economic restructuring has entered a new stage marked by the implementation of reforms in all areas and breakthroughs to be made in key sectors.

He described the establishment and perfection of a market economic structure as a "grand systems engineering" and a great opportunity for the Chinese people to make history.

The leader stressed the importance of keeping sober-minded with regard to difficulties that will certainly crop up in the course of creating a market economy in the country.

"To date, human society has acquired only the experience of expanding a market economy under the capitalist system," he said.

That is why it is an entirely new exploration to try to combine the socialist system with the market economy, he told the meeting.

The development of the socialist market economy, as well as the concepts of value and behavior norms it requires, will certainly produce a great impact on the existing managerial system, rules and regulations, way of thinking, work styles and lifestyles in China, he noted.

That development will make it imperative to reform the country's economic basis and superstructure so as to enable them to adapt to the market economic structure and to provide a "powerful guarantee" for the healthy growth of the new structure, he said.

Li Ruihuan also stressed the need to properly solve new economic and social problems that are likely to occur in the course of shifting to a market economy and to take a cautious attitude in taking reform measures that will affect the immediate interests of the people.

According to Li, the creation of a market economy will be a long process. Hence the need to work hard for a long time.

"Reform is our driving force and development our goal, while stability is the prerequisite," he noted.

It is imperative to take the protection of people's immediate interests as the starting point, he said. "We must see to it that all our policy decisions and measures accord with the wishes of the people and enjoy their full support," he added.

The leader called on CPPCC members to conscientiously study Deng Xiaoping's theory of building socialism with Chinese characteristics, forge close ties with the people and work even harder.

"I am sure that by doing so we will certainly be able to overcome all difficulties and fulfill the historical task of establishing a socialist market economic system," he said in conclusion.

Spokesman Briefs on 1993-94 Economic Situation

OW2812153993 Beijing XINHUA Domestic Service in
Chinese 0842 GMT 28 Dec 93

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 28 Dec (XINHUA)—Speaking today at a news briefing for Chinese and foreign reporters, Ye Zhen, a spokesman for the State Statistical Bureau, pointed out: By and large, the economic situation in 1993 was good. While fully recognizing the tremendous achievements we have scored, however, we should be mindful of the fact that some deep-seated contradictions and problems in economic life have yet to be resolved

and that some new circumstances and problems have surfaced during our progress. These problems can only be solved by deepening reform, improving the legal system, and strengthening management.

In response to questions raised by Chinese and foreign reporters, Ye Zhen said: The main problem in our current economic life is the fairly large increase in market prices. This year, retail prices and the cost of living for residents are expected to rise by 13 percent and 14.5 percent, respectively, from last year. The increase in 35 large and medium cities is 19.5 percent. Of these cities, those posting the largest increases are Ningbo City, 25.3 percent; Nanning City, 24.9 percent; Guangzhou City, 23.9 percent; Qingdao City, 23.2 percent; and Shanghai Municipality, 20.3 percent. Moreover, the increases in Beijing and Tianjin Municipalities are 19.3 percent and 16.3 percent, respectively. Therefore, next year we should further enhance supervision over the prices of goods closely related to people's daily lives, including those covered by the "Shopping Basket" project.

Ye Zhen said: Another major problem is that some state-owned enterprises face considerable difficulties in production and management. By the end of November, the proportion of deficit-ridden state-owned enterprises nationwide had reached 37.3 percent, and their losses totaled 29.2 billion yuan, a 20.1-percent increase over the same period of last year. Another contradiction in economic life concerns the overextended overall scale of investment in fixed assets under installation. This year's overall scale of investment in fixed assets under installation in state-owned units is expected to expand by over 40 percent from last year's. The investment structure is irrational: The proportion of investment in energy and raw and semifinished materials industries has declined, while some high consumption service trades and daily life-related and recreational facilities have grown at an excessive rate. Besides, the agricultural foundation is still rather weak; investment in agriculture is obviously insufficient; and farmers' income has increased at a slow rate.

Analyzing and looking into the environment for economic operations in 1994, Ye Zhen said: Next year will be extremely crucial for China's reform, opening to the outside world, and economic construction. The convocation of the Third Plenary Session of the 14th CPC Central Committee and the publication and circulation of Volume 3 of the *Selected Works of Deng Xiaoping* have created a favorable political environment; in the course of two consecutive years of rapid economic growth we have built a reasonable material foundation; strong domestic investment demand and the rising but stable consumption demand within the country will create a fairly strong motive force needed domestically for sustaining rapid economic growth; as reforms have been carried out in an all-round way, they will inject new vigor into the economy; and the international environment is relatively conducive to construction in China. In our economic work for next year, we must strengthen and improve macroeconomic control, adhere to the

principle of striking a basic balance between total supply and demand in the economy, apply appropriate minor readjustments in a timely manner to solve the contradictions and problems confronted in the course of advance, vigorously adjust the economic structure, raise economic efficiency, and correctly handle the relationships among reform, development, and stability, so as to maintain the sustained, rapid, and healthy development of the national economy.

'Mild Slowdown' Seen

HK2912064293 Beijing CHINA DAILY in English 29 Dec 93 p 1

[By staff reporter Wu Yunhe: "Economy To See Mild Slowdown Next Year"]

[Text] The State Statistics Bureau yesterday announced that China will register a 13 percent growth in gross domestic product (GDP) this year.

And bureau spokesman Ye Zhen said next year's GDP is expected to grow 10 percent.

Speaking at a news conference, Ye said China's per capita GDP is expected to reach 2,500 yuan (\$431) this year, a record high.

Bureau economists said that a mild slowdown in economic growth is expected as the government takes steps to tame inflation that threatens to derail China's ambitious reform plans in the coming year.

To ease public fears, Ye said the government gradually tightened the money supply this year to check price surges.

During the second half of this year, the gross money supply was 21 billion yuan (\$3.62 billion), falling 31.8 billion yuan (\$5.5 billion) from the first six months of the year, according to official figures.

Analysts pointed out that trying to balance price controls with economic reforms is a very complex task that requires the full co-operation of the government and consumers.

City residents have recently been stocking up on rice, cooking oil and other staples out of fear that prices will rise next year when new tax reforms and further price deregulation take affect.

Ye said that inflation this year will hit 14.5 percent. And the figure will be 19.5 percent in the 35 largest cities, he said.

After a drop in the inflation rate in September, it rose to more than 20 per cent in December, he said.

The cost of living in Nanning, Guangzhou, Qingdao and Shanghai grew the fastest of any city in the country this year.

China is aiming to bring inflation down to single digits in the coming years, or a maximum of 15 percent in cities, sources said.

The government will also take measures to make State enterprises more competitive.

Ye said that according to statistics, 37.3 percent of the State firms were in the red as of November.

From January to November this year, State-owned enterprises lost 29.2 billion yuan (\$5 billion)—a 20.1 percent increase over the same period last year.

Ye said macro-economic measures introduced this year helped cool down over-heated industrial performance.

The country's industrial production grew by 25.1 percent during the first six months of this year over the same period last year.

However, growth of industrial production only reached 18.9 per cent between November last year and last month, Ye said.

Statistics Bureau on Nov Economic Situation

OW2712170093 Beijing XINHUA Domestic Service in Chinese 0704 GMT 17 Dec 93

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 17 Dec (XINHUA)—According to a monthly economic report released by the State Statistics Bureau [SSB] today, the new changes in China's economic situation in November can be observed primarily in the steady rise of industrial output, moderate decline in the voluminous investment in fixed assets, thriving consumer market at home, declining sales of capital goods, and better financial situation. However, rising commodity prices and businesses' declining returns remained two conspicuous problems.

Statistics show that in November, the decline in the growth rate of industrial production ended, output and sales continued to climb, the total output of China's industrial enterprises operated by townships and larger administrative areas reached 310.1 billion yuan, or 18.9 percent higher than the same month a year ago, and the increase of 2.5 percentage points over that of October put an end to the decline that had gone on for four months. Although the 96.25 percent rate of sales of industrial goods was the highest this year, it was still two to three percentage points lower than normal. The sales of industrial goods manufactured by state-owned enterprises reached 96.67 percent, topping those of enterprises of other forms of ownership.

As for investment in fixed assets, state units invested 78.6 billion yuan in fixed assets in November. That was an increase of 56.9 percent over the same month last year and 1.5 percentage points lower than October. As of the end of November, 107,000 projects, involving a total of 1.88 trillion [wan yi 8001 0310] yuan, were under

construction, up 42.8 percent from the same period last year. Total retail sales of consumer goods at home reached 119.6 billion yuan in November, up 22.9 percent over the same month last year. The main features of the consumer goods market were: The increase in individual purchases was higher than institutional purchases, the increases in urban and rural areas were about the same, and the output of nonpublic-owned businesses continued to grow. Moreover, the purchase of capital goods continued to be weak, payments and receipts continued to maintain strong growth momentum, and bank deposits continued to grow.

According to SSB analysis, rising commodity prices and declining business returns remained two conspicuous problems. The cost of living in 35 large and medium cities in November grew 2.8 percent over the preceding month, the highest since February, and 21.9 percent over the same month last year. As for enterprises' economic returns, 37.3 percent of state-owned industrial enterprises were still losing money as of the end of November. Compared with the same period last year, the loss during the 11-month period increased 20.1 percent.

The SSB pointed out that, while exercising macroeconomic control, great attention should be paid to the intensity of control and knowing where capital has been invested. While controlling total supply and demand, great efforts should be directed to strengthening all weak economic links so as to create the conditions for the implementation of reform measures as well as for a sustained, fast, and healthy economic development next year.

Open Border Policy Brings Economic Achievements

OW2912045693 Beijing BEIJING REVIEW in English No 52, 27 Dec 93-4 Jan 94 p 27

[Text] Widening access to border areas has been assumed an important policy to accelerate economic progress for China's inland frontier region. The move by 18 border counties and cities to open up and promote local border trade has brought remarkable economic development there.

Firstly, development of border trade is experiencing sustained growth. The volume of imports and exports in 1992 rose to 59 times over those in 1987. The proportion grew to 54.6 percent of total volume of overall provincial imports and exports, and the volume from January to September increased by 80.4 percent over the same period in 1992.

Secondly, economic and technological cooperation continues to expand. Items of foreign cooperation in 1992 and contracted utilization of foreign capital were equivalent to the total for the previous 13 years. The nine-month volume for this year was three fold that for the same period last year.

Thirdly, the number of opening areas rose to 21 from only three in 1987. China has 15 border counties and cities up to national primary border port level. These possess initial port networks with rational structure and fine facilities.

Fourthly, development of border areas has brought sound improvements in frontier living standards. Total volume of retail sales in 1992 exceeded provincial increases by 33.6 percentage points. Rises in banking deposits of residents was 30 percent higher than for provinces as a whole. Out of 16 counties and cities where per-capita income of farmers exceeded 1,000 yuan, there were 9 border counties and cities.

The Heilongjiang provincial Party committee and government are implementing an overall developing strategic policy to open to the north and link with the south. As border counties and cities rely on opening of the frontier, they are inviting corporate interests from Western countries and Southeast Asia as well as Hong Kong and Taiwan to start up companies there. The province is endeavoring to promote development of border trade based on opening to the outside and is determined to enter a new stage for the frontier economy in county-level areas.

More 'Mingling' With World Economy Seen

OW2812023993 Beijing XINHUA in English 0113 GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—China has been accelerating its pace of mingling with the world economy. Its imports and exports are now the size of one third of its GNP (gross national product).

The quicker pace is also demonstrated in the phenomenon that China is actually investing abroad while also attracting even bigger sums from overseas investors in China. Active efforts have been made to expand foreign trade; endeavors have also been made to adapt to international common practices through reforming traditional, outmoded Chinese regulations and practices.

Statistics show that China has actually used more than 50 billion U.S. dollars worth of foreign investments over recent years, while Chinese businesses have put more than five billion U.S. dollars worth into foreign countries for investment.

China's foreign trade has been expanding at a yearly growth rate of 10 percent, and imports and exports for this year will surpass 190 billion U.S. dollars.

More and more overseas money is being invested in the construction of basic facilities in China. Some international consortiums have changed their past wait-and-see attitude and have begun to put large sums of money to build expressways, railways, electric power stations and ports in China.

Observers here say that the reasons behind these phenomena are that many overseas investors feel growing

confidence to invest since China decided to create a socialist market economic structure.

The steady growth of the economy at a high rate shows China's potentials as a huge market; and China has been making painstaking efforts to open wider to the outside world.

Chinese high-ranking government officials said that constructing socialism with Chinese characteristics did not mean building socialism behind closed doors, but to construct socialism under the condition of adhering to reform and the opening-up drive—and China is now on the road of promoting international cooperation and competition.

Facts prove that opening to the outside world and promoting international cooperation in an active way has improved the development of productive forces in China, enhanced the country's overall economic strength, shortened the gap between Chinese technologies and world advanced levels, as well as enhanced the competitiveness of Chinese-made products on the world market.

World Bank officials also believe that the mingling of the Chinese economy and the world economy is an inexorable trend. World-renowned transnational companies entering the Chinese Mainland, and China establishing its own company groups in foreign countries, will make the realization of this process sooner.

Article Views Tax-Sharing System

HK2712134793 Hong Kong WEN WEI PO in Chinese 24 Dec 93 p 3

["Special article" by trainee reporter Yang Fan (2799 1581): "The Tax-Sharing System Will Strengthen Regulation and Control by the Central Authorities"]

[Text] Beijing 22 Dec (WEN WEI PO)—Since the beginning of December, the central authorities have convoked six national economic conferences concerning reform in 1994, and presented a series of important reform measures including finance and taxation, banking, foreign trade and foreign exchange, and the planned investment structure and enterprise system, on which the general planning for building the socialist economic structure formulated by the Third Plenary Session of the 14th Central Committee would be put into practice.

In a commentary by an expert, it was indicated that 1994 would be the year in the last decade or so in which the greatest number of reform measures would be presented. In 1994, China will begin reforms that genuinely touch the structural "core," with "unprecedented width, depth, and degree of difficulty, as well as magnitude."

Taxes To Be Levied on Particular Consumption

In the current taxation reform, the circulation tax system will primarily merge with international practice by

implementing the new tax for appreciation, while canceling the original product tax and unified industrial and commercial tax levied on foreign-funded enterprises. Regarding some particular consumer goods, such as tobacco and wine, additional consumption taxes will be levied to restrict their development and embody the state's industrial policy.

Regarding profit distribution relations between the state and state-owned enterprises, the income tax rate of state-owned enterprises will drop to 33 percent, and the original state-owned enterprise profit-regulating tax rate of 27 percent will be abolished. Thus, all Chinese-funded enterprises are able to remain equal with one other in regard to income tax, while approaching the same tax rate as foreign-funded enterprises. Regarding those enterprises with low profits, they will be given some consideration as a temporary measure, two low income tax rates, namely 27 percent and 18 percent, for two years running.

The Main Part of Taxation Reform

Minister of Finance Liu Zhongli stressed that the new taxation system was one of structural readjustment, and the burden of tax for the overwhelming majority of enterprises would be kept at past levels or lowered, the burden of only a small number of enterprises would be increased, and the livelihood of the broad masses would not be affected.

If we say that reform in finance and taxation is the "main part" of reform in 1994, then the tax-sharing system will be the "main part" in the current reform in finance and taxation.

The tax-sharing system means that on the basis of rationally dividing power between the central and local governments, the central and local taxation systems will be built, with the establishment of the national taxation bureau and local taxation bureaus. Income tax will go to localities, and appreciation tax to the central government, of which the tax shared will be allotted to localities according to a set proportion. The 1993 base will be determined as the local vested financial strength, and the system of return from the central to local governments and the transfer payment system will be established.

Direct Taxes at the Provincial Level Will Be Cut

A related expert indicated that since financial reform, great changes have taken place in financial relations between the central government and localities, which chiefly found expression in the cutback in tax revenues derived from direct collection at and below provincial levels. Tax returns from the central government to various localities, including part of the tax exemptions, would be returned to provincial coffers, thus provincial financial strength would be relatively concentrated.

Regarding the idea that local finances would possibly be reduced after financial reform, He Zhenzhi [0149 2182 0037], a famous expert in financial issues, has made

some calculations. When the contracted responsibility system was implemented, local finances accounted for approximately 70 percent of the total, whereas the central finance accounted for approximately 30 percent of the entire financial strength. The situation would be reversed after reform. Localities would account for over 30 percent, and central finances would account for 60 percent. However, the central government would return 20 percent to localities, so the actual financial strength in localities' hands would be about 50 or 60 percent. From now on, aside from the fact that localities would enjoy a steady increase in local tax revenues, the central government would return tax revenues to localities according to a set growth rate based on the increase in tax revenues. That being the case, local finances would not be reduced. At the same time, the central government would augment its capability for macroeconomic regulation and control in due course, and beyond a doubt, play a restrictive role with regard to localities blindly unleashing projects and expanding investment beyond their abilities. Therefore, He Zhenzhi believed that the tax-sharing system should not be simply viewed as a "money-dividing system," but as conversion of mechanism.

Fraud Must Be Banned

To ensure the earnest implementation of reform measures, Liu Zhongli warned the localities that tricks and fraud should be forbidden, and the basic framework for various reforms should not be distorted, nor should any other means be pursued deviating from the tax-sharing system nationwide, nor should the realm and proportion of the central tax and sharing tax be changed. As soon as such cases are found, they will be sternly dealt with according to the law and be firmly corrected.

The finance minister said that whether a good job was done in finance and taxation reform or not would have a direct bearing on the current financial condition, as well as the success or failure of various major reforms and economic development next year.

Minister: Tax Reform Not To Lead to Price Hikes

OW2912131793 Beijing XINHUA Domestic Service in Chinese 1155 GMT 16 Dec 93

[Text] Beijing, 16 Dec (XINHUA)—Finance Minister Liu Zhongli told reporters here today that reform of the taxation system would not increase the burdens of enterprises and people.

Liu Zhongli said: Following the promulgation of several new taxation systems to be implemented next year, there are some rumors to the effect that reform of the taxation system will increase enterprises' tax burdens and may likely trigger price increases. High-end consumer goods have sold briskly in some localities. As we understand it, the main reason for this phenomenon is that some people are unfamiliar with the new taxation systems to

be implemented next year; there are some misunderstandings. One is the belief that the consumer tax is a new tax to be introduced additionally during reform of the taxation system, and that it may trigger price hikes. In reality, the consumer tax is a levy that regulates consumption and reflects industrial policy; it is universally adopted in the world. That our country did not levy it in the past was because the functions of regulating consumption and organizing revenue were embodied in the product tax. The current reform will abolish the existing product tax in accordance with international practice. By introducing a value-added tax [VAT] for general regulatory purposes, a consumer tax will be collected for special regulatory purposes to make up for any shortfall from the original turnover tax level after the VAT is collected on a few products. This change is purely a structural adjustment of the taxation system. The introduction of a consumer tax will not increase enterprises' turnover tax burden. Furthermore, the consumer tax regulations promulgated on 14 December specify only 11 product categories on which a consumer tax will be collected; the taxation scope is very limited. No consumer tax will be levied on a significant number of products even if there is a shortfall from the current tax level after a VAT is collected. Therefore, no price increases will ensue. Another misunderstanding is that some comrades confuse the consumer tax with the special consumer tax levied on color television sets in the past. They believe that the consumer tax will increase consumers' burdens because it will be collected on top of the sales price. As a matter of fact, the consumer tax to be introduced shortly is included in the sales price; it is part of a product's price. Because the overall tax burden will not increase, commodity prices will not be affected. Take the Hongtashan cigarette as an example. Its retail price is about 12 yuan per pack; the 52-percent product tax is included in the sales price. After reform of the taxation system, a VAT will be collected on the additional value of the product and a consumer tax will be levied at a rate of 45 percent. However, these taxes will still be included in the 12-yuan price. Contrary to what some people think, the 45-percent consumer tax will not be collected on top of the 12-yuan price. Therefore, it will not affect the retail price. A third misunderstanding is that some enterprises believe that the reform will increase their tax burden. We have conducted some careful calculations concerning this question. Although the overall tax burden of enterprises will not increase, the tax burdens of different enterprises and on different products may undergo some changes because of changes in the tax structure and in production stages that are subject to taxation. The tax burden of most enterprises will remain at the same level or decline, whereas those of a few enterprises will increase slightly. For this reason, we have decided to abolish, starting next year, construction funds for key energy and communications projects, as well as budget regulatory funds, which we have been collecting from state-owned enterprises.

Liu Zhongli said: We can tell people with certainty that reform of the taxation system will not increase enterprises' overall tax burden, much less trigger price hikes. To cope with the present situation, we should, on the one hand, increase publicity efforts to dispel misunderstandings, and on the other, require commercial departments to organize commodity supplies well, instead of sparing efforts at marketing, to ensure that the people's demands will be satisfied.

State Council Rules on Natural Resources Tax

OW2812062993 Beijing XINHUA in English 0617
GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—The State Council, China's cabinet, promulgated the Provisional Regulations on Natural Resources Tax today.

The regulations were made public according to the State Council's Order No. 139, signed last Saturday [25 December] by Premier Li Peng.

The order says that the regulations were adopted at the 12th Executive Meeting of the State Council November 26, 1993 and will go into effect as of January 1, 1994.

Under the regulations, any unit or individual who extracts minerals covered by the regulations or produces salt within the boundaries of the People's Republic of China are liable for natural resources tax.

The regulations list the following rates of tax to be imposed on seven major categories of minerals and salt: crude oil, 8-30 yuan (about 1.4-5.2 U.S. dollars) per ton; natural gas, 2-15 yuan per 1,000 cu m; coal, 0.3-5 yuan per ton; other nonmetallic ores, 0.5-20 yuan per ton or per cu m; ferrous metal ores, 2-30 yuan per ton; non-ferrous metal ores, 0.4-30 yuan; solid salt, 10-60 yuan per ton; and liquid salt, 2-10 yuan per ton.

Figures Given on Petrochemical Industry

OW2612090993 Beijing XINHUA in English 0828
GMT 26 Dec 93

[Text] Beijing, December 26 (XINHUA)—China refined 120 million tons of crude oil in 1993, including 16.6 million tons of imported crude oil, according to sources from the China Petro- Chemical Corporation.

The sources said that the corporation itself refined 112 million tons of crude oil in the year, 3.7 percent more than in 1992.

Meanwhile, the corporation produced more than 60 million tons of gasoline, kerosene, diesel and lubrication oil and 1.8 million tons of ethylene, up 8.3 percent and three percent respectively.

The industrial value of the corporation totalled 84 billion yuan in 1993, 6.3 percent more than in the previous year. Its income from sales of industrial products amounted to 140 billion yuan, up by 40.35 percent.

The corporation's pre-tax profits have surpassed 20 billion yuan and is expected to reach 20.5 billion yuan by the end of this year, overfulfilling the state quota of 19 billion yuan. The corporation's post-tax profits is expected to reach 8.5 billion yuan this year, 26 percent more than in 1992.

In 1993, construction of several major petro-chemical plants was completed. Some of them have gone into operation.

Third Largest Oil Field Registers Record Output

OW2612171093 Beijing XINHUA in English 1423
GMT 26 Dec 93

[Text] Shenyang, December 26 (XINHUA)—The third largest oil field in China has registered a record high output of oil this year.

The Liaohe Oil Field in northeast China's Liaoning Province has pumped out 14 million tons of crude oil so far this year. By the end of this year, it is expected to turn out 14.2 million tons, 500,000 tons oil more than in 1992.

The three largest oil fields in China are Daqing Oil Field in northeast China's Heilongjiang Province, Shengli Oil Field in east China's Shandong and Liaohe Oil Field in Liaoning.

Oil Pipelines Planned for Several Regions

OW2712040593 Beijing XINHUA in English 0306
GMT 27 Dec 93

[Text] Haikou, December 27 (XINHUA)—A 2,132-km oil pipeline will be laid in Southwest China to pump oil from Guangdong and Hainan Provinces to the oil-short Yunnan, Guizhou and Sichuan Provinces, and the Guangxi Zhuang Autonomous Region.

The provinces and region concerned signed a contract here last week and agreed to start construction in 1995.

After its completion in 1997 the pipeline will be able to transport 10 million tons of oil to southwest China every year.

Meanwhile, a submarine pipeline will be laid from Hainan island to the mainland.

Involving an estimated total cost of 4.26 billion yuan, the projects will invite domestic and overseas investment, and a joint venture will be established to manage them.

Increased Investment in Power Sector Planned

OW2712105093 Beijing XINHUA in English 1019
GMT 27 Dec 93

[Text] Beijing, December 27 (XINHUA)—China plans to invest 65.8 billion yuan (about 11 billion U.S. dollars) in the power sector in 1994, about 20 percent more than this year.

According to officials at the Ministry of Power Industry, of the entire investment package, 40 percent, or 26.9 billion yuan (4.5 billion dollars), will come from the central coffers; the rest will be raised by local government organs through various channels.

Total electrical power to be generated across the country in 1994 is projected at 890 billion kilowatt-hours [kwh], up 9.2 percent from this year.

This year China's power production has surpassed the target of 800 billion kwh and is expected to hit 815 billion kwh.

China is suffering widespread shortages in power, especially in economically active areas. In order to ease these "bottlenecks" on economic growth, the ministry of power, formed early this year, has proposed "extraordinary" strides for the industry.

"China's power industry is at a critical point in history," said Power Minister Shi Dazhen.

Power gaps necessitate the doubling of the present generating capacity to 310 million kw by the end of the century.

Therefore, between 1995 and 1997, China's increase in generating capacity should be no less than an average of 15 million kw each year; and from 1998 to 2000, no less than 20 million kw each year, experts said.

Priority should be given to the development of hydro-electrical power, while coal-fired power plants should be actively built and nuclear power should be exploited properly, according to China's medium- and long-term strategy.

In coastal areas that lack resources, generating capacity of nuclear power under construction is estimated at between 8 million and 10 million kw by the year 2000.

At the same time, said the officials, technical innovations will be emphasized to replace small generating units with medium and large units to raise the efficiency of power consumption; a nationwide power grid will take shape as the "Three Gorges" project proceeds.

To fuel this ambitious drive, China intends to use more foreign funds and buy more foreign equipment. Overseas capital for the country's power sector is expected to reach 25 billion dollars by the turn of the century, while foreign equipment will total 45 million kw in generating capacity.

Power Industry To Adopt 'Rational Pricing'

HK2812023093 Beijing CHINA DAILY in English 28
Dec 93 p 2

[By staff reporter Chang Weimin: "State Set to Free Electricity Prices"]

[Text] Electricity prices, kept artificially low by the State's rigid central planning, are to be freed to adapt to

market conditions within a few years, the government minister overseeing the power industry said yesterday.

A goal for instituting a new pricing system, an important part of China's economic reforms, was put forward by the country's Power Industry Minister Shi Dazhen.

"A scientific, and rational pricing system should be established within two to three years," Shi said at a conference in Beijing on the industry's operations this year and development plans for 1994.

Electricity prices, originally set in 1976 and unadjusted until this year have become unreasonably low as the cost of fuels, materials and generators have risen with inflation.

Such uneconomically low prices have hampered the efficient operation of power plants and the development of the power industry as a whole.

Early this year, the industry raised prices by a narrow margin with support from the central government, but the adjustment was far from enough.

Due to the low prices and other factors, the growth of power production has for decades lagged behind the expansion in the gross national product.

Power shortages have plagued the country for 23 years. Shi said electricity production falls short of demand by 20 percent.

Shi put production this year at 815 billion kilowatt-hours, 9.44 percent more than in 1992. Plans call for output in 1994 of 890 billion kilowatt-hours, a rise of 11.2 percent from this year.

Shi urged his staff to have new regulations on electricity prices ready in 1994, with support from relevant government departments.

Observers are paying close attention to the pricing reform because it is expected to encourage foreign investment.

Power Plant Operational in Hebei 26 Dec

OW2612173693 Beijing XINHUA in English 1247 GMT 26 Dec 93

[Text] Shijiazhuang, December 26 (XINHUA)—The first generating unit of the Xibaipo Power Station in Pingshan County of North Hebei Province was put into formal operation today, after 96 hours of test runs.

The unit is the first of the two 300,000 kw generating units of the first phase of the coal-burning power station in Xibaipo, the headquarters of the Central Committee of the Chinese Communist Party just before Beijing was liberated in 1949.

The power station, northwest of the provincial capital of Shijiazhuang, has a total generating capacity of 2.4 million kw. The first phase of the construction began in

December, 1991. The power station will cost 1.9 billion yuan, according to project officials.

Work on the first generating unit took 24 months, the shortest time in China for such a unit, the officials said.

Shanghai Power Plant Gets Foreign Loan

OW2312190293 Beijing XINHUA in English 1549 GMT 23 Dec 93

[Text] Shanghai, December 23 (XINHUA)—A power plant in Shanghai's Pudong New Area contracted a foreign loan of 50 million U.S. dollars here today.

This is the first time for the highly-centralized energy industry to channel funds from an international banking consortium.

Altogether, 10 financial institutions are involved in the loan, including the Shanghai Pudong Development Bank and banks in the Netherlands, France, Germany, Japan and Singapore.

Deputy Mayor of Shanghai Xu Kuangdi, who attended the signing ceremony, said he regarded it as a big stride in the metropolis' efforts to build a market economy.

The Waigaoqiao Power Plant, now under construction, is one of the most costly projects in Pudong.

The first generating unit is expected to provide electricity for Pudong by the end of next year. The inaugurating phase of construction, with four 300,000-kw units, will be completed in 1996.

Shanghai, making great efforts to expand its energy sector, gets an additional generating capacity of 600,000 kw this year.

Control Over Coal Prices To Be Lifted in 1994

HK2812144693 Beijing RENMIN RIBAO in Chinese 23 Dec 93 p 2

[By Fei Weiwei (6316 0251 0251) and Yang Jiangyou (2799 3068 2589): "All Restrictions on Coal Prices To Be Removed Beginning From 1994"]

[Text] These reporters have learned from the Ministry of Coal Industry that upon the approval of the State Council, all restrictions over coal prices will be removed starting 1 January 1994. Meanwhile, the planned distribution quantity of coal will be reduced by over 70 million tonnes next year. All coal that is produced by state-owned key mines in northwestern, northeastern, and southeastern regions and is earmarked for supplying the three regions will no longer be subjected to unified distribution. This means that the original goal of the state to lift control over coal prices within three years will be fulfilled ahead of schedule.

Experiments with the practice of gearing state-owned key mines to market demands and letting coal prices follow market fluctuations were first carried out in Xuzhou and

Zaozhuang Mining Bureaus in July of last year. According to the analyses of relevant experts, thanks to the present stable demand and supply of coal and increasing coal reserves, it is now a favorable time to lift all restrictions over coal prices, and an overall decontrol will not bring about drastic rises in coal prices. Moreover, the move will also help encourage mining enterprises to adapt themselves to market demands, to organize production according to market needs, and to turn from enterprises basically concerned with products to those based on production and marketing.

Baoshan Iron, Steel Enters 3d Phase Construction

OW2312154293 Beijing XINHUA in English 1426
GMT 23 Dec 93

[Text] Shanghai, December 23 (XINHUA)—Construction started here today on a hot-milling plant, triggering off the third-phase construction of the Baoshan Iron and Steel Corporation, one of the steel giants in China.

The hot-milling plant will use advanced equipment imported from the Mitsubishi Company of Japan. It is expected to be completed by 1996.

Involving a total investment of 30 billion yuan, the new construction phase includes 12 projects, such as blast furnaces, and hot-milling and cool-milling plants, and the expansion of a berth for handling raw materials.

Construction of the plant began in December 1978. The first two phases have already been completed and put into operation. By the end of November this year the corporation had produced 34.74 million tons of steel and 32.68 million tons of iron. The profits have surpassed the investment made in the first phase.

Materials Market Starting to 'Recover'

OW2812030093 Beijing XINHUA in English 0214
GMT 28 Dec 93

[Text] Beijing, December 28 (XINHUA)—With the growing demand, China's materials market has started to recover after a long slide in prices.

Average prices for production materials in November fell by merely 0.6 percent from October, the smallest monthly drop since the materials market began outstripping demand in the second half of the year, according to today's China daily.

In October, prices had fallen by 2.8 percent, the biggest drop this year. Analysts predict that prices will begin rising steadily in the first quarter of next year. They attribute November's slight price drop in part to producers' optimism about the economy next year.

Among the materials, the average steel price tumbled 0.3 percent nationwide to 3,651 yuan (630 U.S. dollars) per ton, 15 yuan (2.60 U.S. dollars) less than the previous month.

The price of construction steel, the most widely-used steel product, has begun to rise due to climbing demand. In November, sales rose 21.3 percent over October. Besides steel, sales of 10 other major materials such as automobiles, iron and coal increased 10 percent to 42.7 percent.

Prices for automobiles and copper fell even more sharply than for steel: autos by 1.6 percent and copper by 2 percent. One ton copper sold for an average of 18,256 yuan (3,148 U.S. dollars) in November, compared with 18,622 yuan (3,211 U.S. dollars) in the previous month and 19,500 yuan (3,362 U.S. dollars) earlier this year.

With the onset of the cold season, coal prices rose slightly by one percent.

Analysts predict that soaring demand and supply next year will force prices back up.

Hong Kong, Japan Give Loans to Inland Enterprises

OW2912002793 Beijing XINHUA in English 1245
GMT 28 Dec 93

[Text] Guiyang, December 28 (XINHUA)—The Guizhou Hongyang Sealing Products Co. Ltd., China's leading producer of automobile sealing materials, recently got a loan of five million U.S. dollars from the Hong Kong-based Nanyang Commercial Bank and the Guizhou branch of the Bank of China.

The money will be used to import equipment and technology needed to build a new production line in the former military factory in southwest Guizhou Province.

The company's sealing products are currently used by some 170 automobile factories in China, commanding 65 percent of the domestic market. They are also exported to Thailand and Russia.

Officials from the company said the planned new production line would boost the company's annual production of sealing materials from the current 14 million square meters to 30 million square meters, bringing in a profit of 100 million yuan.

The president of the Nanyang Commercial Bank, T.W. Shu, called the province a place worth trying to invest in, saying that Guizhou is rich in power supplies and mineral resources, and has many powerful military manufacturers. His bank will provide 3.56 million dollars of the five million U.S. dollars loan.

In another development, the China Zhenhua Electronics Industry Corporation, also received a Japanese Government loan through the Guizhou branch of the Bank of China recently.

The 550 million Japanese yen will be used to import three production lines for resistance chips, tantalum and porcelain capacitors.

World Bank Approves Telecommunications Loan

OW2712095793 Beijing XINHUA Domestic Service in Chinese 0544 GMT 23 Dec 93

[Text] Washington, 22 Dec (XINHUA)—The World Bank announced on 22 December that it had approved a loan of \$250 million to help China develop long-distance telephone service and local telecommunications service.

The loan will be used to fund a telecommunications project which will cost \$623 million to mainly install two optical fiber cables and to expand the capacity of program control telephones in the three provinces of Liaoning, Jiangsu, and Heilongjiang.

A World Bank expert said: China has the world's largest telephone market now. According to figures provided by the World Bank, though the number of China's long-distance telephone calls increased 42.4 percent from 1989 to 1992, it still cannot meet the demand.

The World Bank said the Chinese Government plans to expand and improve the telecommunications network nationwide.

Integration in World Chemical Market Noted

OW2312120093 Beijing XINHUA in English 0719 GMT 23 Dec 93

[By XINHUA correspondent Li Zhurun]

[Text] Beijing, December 23—China has begun selling chemical technology and equipment on the international market in striving to integrate its chemical industry with the world economy, a senior official said here today.

"China used to be a pure importer of chemical technology and equipment," said Chen Lihua, the top foreign liaison official at the Ministry of Chemical Industry. "now we have technical knowhow of 52 categories to offer the world."

Chen told a national conference on the chemical industry that over the past three years, the country has sold Indonesia and Pakistan some 20 technological items including "pressure shifting absorption" and a hydrogen peroxide process.

China has also exported to Indonesia two 40,000-ton installations for producing membrane caustic soda and a 150,000-ton soda ash installation, and Iran has bought 200,000-ton caustic soda equipment, Chen said.

Chen quoted his minister, Gu Xiulian, as saying that China's export of chemical equipment and technology is still "limited but its significance cannot be underestimated."

He added: "It proves that we can have a place on the world market. The question now is how to pool the resources of all chemical enterprises and design and construction companies to enhance our competitiveness.

"To achieve the purpose, the ministry is trying to break new ground," Chen said.

He cited a 50,000 kilowatt electric power plant being built in Indonesia with 36 million U.S. dollars in buyer's credits offered by the China National Chemical Corporation (CNCC) this year.

"CNCC was the first in China to have used buyer's credits for greater international influence," Chen said. "We are encouraging all our companies to follow this and other examples."

According to Chen, in 1993, eight design and seven research institutes in the chemical industry were authorized to engage in overseas business independently.

"This is also something new," he said, noting that 109 production enterprises had previously received such powers, including 30 each yielding at least 10 million dollars in foreign exchange turnover every year.

China is selling some 50 chemical products to North America, Europe and Southeast Asia. "In 1994, we'll strive for a greater market share in Southeast Asia while opening new markets in Latin America and the Middle East."

In September, Minister Gu Xiulian visited Mexico, Brazil and Thailand. Her Mexico tour culminated in the signing of an inter-governmental agreement on cooperation in the chemical industry.

Shipping Group Expands International Services

HK2912062093 Beijing CHINA DAILY in English 29 Dec 93 p 1

[By staff reporter Xie Yicheng: "Syndicate to Expand Shipping Service"]

[Text] The China Ocean Shipping Companies Group (Cosco Group) plans a major expansion of its global container liner service starting January 1.

The move is part of the Chinese shipping syndicate's commitment to boost foreign trade and compete internationally.

"Cosco Group will dispatch 267.5 [figure as published] scheduled sailings from domestic ports per month, a leap of 50 per cent over the current 183 sailings," said Li Kelin, vice-president of the group.

Thanks to new large-haul container vessels recently put into commission, weekly service will be available on all major shipping lines.

Routes will be opened to countries in Eastern Europe and the Middle East in light of China's growing foreign trade there.

The new lines will greatly shorten the voyage period on some routes and increase shipping coverage on others, Li said.

For instance, the executive said, it will take only 14 days, instead of 18 to sail from China to Seattle on the west coast of the United States.

And freighters going to the east coast of the U.S. will no longer travel across Pacific Ocean and through the Panama Canal.

Instead, they will go west via the Suez Canal, Mediterranean Sea and Atlantic Ocean.

By doing so, Li said, more major foreign ports can be reached and shipping capacity can be fully tapped.

The shipping group also opened its Container Lines headquarters yesterday in Beijing as part of its bid to expand.

The new department is to head container transport, management and other business.

"This is a change in our operation mechanism. We are trying to boost service," Li said.

Shipping companies under the group in Shanghai, Guangzhou and Tianjin used to run container shipping independently, resulting in overlapping routes and inefficiency.

The new headquarters will co-ordinate shipping, saving clients the headache of finding which companies ship to certain locations.

The Container Lines headquarters is ready to branch out home and abroad, Li said.

Since it started container shipping in 1978, the syndicate has become one of the world's leading carriers.

It has a fleet of 122 container ships capable of housing 100,000 TEU's (twenty-foot equivalent units).

Starting on January 1, the company is to add 10 fourth-generation container ships, each with a capacity of 3,500-3,800 TEUs, and other ships to its fleet, bringing total container space to 160,000 TEUs.

The senior executive forecasted that by the end of the year his group will handle nearly 100 million tons of marine freight. This figure includes 1.8 million TEUs, 10 per cent more than was handled last year.

Aviation Industry Reports High in Foreign Funds

OW2912051693 Beijing BEIJING REVIEW in English No 51, 20-26 Dec 93 p 32

[Text] According to Zhang Hongbiao, deputy general manager of the China Aviation Industrial Corp., the country's aviation industry has attracted over US\$150 million in foreign funds this year, 20 times that from 1978 to 1992.

Foreign investment in automobile and motorcycle projects in China's aviation industry has allowed the sector to expand scale and improve production quality

quickly. In the last half of this year, for example, the Yamaha Engine Co. of Japan invested US\$29.98 million to help the South China Aviation Power machinery Corp. increase its annual production capacity by 100,000 motorcycles. The US\$12 million provided to the Shenyang Aircraft Manufacturing Co. will be used to produce luxury coaches up to advanced international standards.

Since implementation of the reform and opening policies in late 1978, China's aviation industry has gradually formed a system which closely integrates scientific research, and education with production and operations. Its advanced equipment and strong technical force have created favorable conditions for developing civilian products. The industry has so far developed more than 5,000 civilian products in 10 categories. The quality products are reliable and hold great sales potential in both domestic and overseas markets. These are the important factors for foreign businessmen's investment in China's aviation industry.

New Airliner Has 'Successful' Test Flight

OW2712142393 Beijing XINHUA in English 1353 GMT 27 Dec 93

[Text] Xian, December 27 (XINHUA)—The most advanced mid-range airliner that China has developed had a successful half-hour test flight from here today.

The 60-seat Yun-7-200A airliners will be put into commercial service on China's domestic airlines in 1996.

Today's was its first test flight. Its success marked the birth of the latest child of the Yun-7 family of airliners, which are the most widely used short and mid-range airliners in China.

The planes are made by the Xian aircraft industry corporation in northwest China's Shaanxi Province.

In contrast to former models in the series, the new airplane is jointly developed by Chinese and foreign companies, instead of being developed solely by the Chinese company.

The test flight showed that the 60-seat plane has reached the world's advanced standards in safety, energy efficiency and comfort.

The company has used data collected from nearly 100 Yun-7 aircraft in operation to update the 200A model. It designed the plane to United States air-worthiness standards.

The new plane uses two foreign-made engines which are economic and reliable. The propellers are made of imported synthetic materials. The aero-dynamic systems and structure of the airplane have been improved.

The new plane's cockpit has been totally renovated in comparison with its cousins, and is designed for the more reliable two-pilot system.

In the passenger cabin of the plane is installed advanced equipment as widely used in Western airplanes.

The new plane is 24.7 m long and 8.5 m high. It has a maximum range of 1,260 km and a commercial freight load of 5.5 tons.

The Xian Aircraft Company has produced 100 Yun-7 airplanes in different models since 1986. The family includes such models as Yun-7 prototype, Yun-7-100, Yun-7 cargo freight, Yun-7-200B and Yun-7-200A.

Factory To Use Domestic Engines in Audi Cars

*OW2912023293 Beijing XINHUA in English 0118
GMT 29 Dec 93*

[Text] Changchun, December 29 (XINHUA)—A major Chinese automobile producer in northeast China is preparing to transplant a Chinese made engine and gearing to its product, the German "Audi" luxury car, in 1994.

The replacement of the engine will make China-built parts and components account for 75 percent of the total worth of the Audi car in 1995. This will enable the No. 1 Automobile Works in Changchun in Jilin to enjoy the lower tax rates instead of paying high tariffs imposed on imported cars.

The venture will use an advanced engine produced by a local plant in Changchun City, capital of northeastern Jilin Province. The production lines in the plant were imported from the United States.

The No. 1 Automobile Works, the largest automotive company in China, began to assemble Audi cars with parts and technology provided by the German auto giant Volkswagen in April 1991. At the same time, the company started off looking for Chinese enterprises which can produce quality parts for the German car.

So far, the company has developed a nationwide network of suppliers of parts and components which provides car bodies, wheels, radio-recorders, glass, wire, lamps, seats, instrument panels, water tanks, mufflers and bumper bars. These parts make up over 40 percent of the total cost of the Audi.

To ensure the quality of the China-built parts, the company has signed contracts with 168 domestic producers which stipulate quality standards for the parts.

It scrutinized the producers' technological standards and sent samples of almost every part and component to Volkswagen headquarters in Germany for examination. The Chinese producers have to get the approval of Volkswagen to start production of any part of the car.

Over 90 percent of the producers are equipped with imported production lines and they have met Volkswagen's requirements on the quality of the 1,275 parts and components they produce.

Volkswagen's biggest joint venture in east China's Shanghai City has become one of the top ten enterprises in the country.

The "Santana" sedan car that it produces has already become a China-built one—more than 75 percent of the total cost of the car comes from Chinese-made parts.

Beijing To Accelerate Reform of Tourism Industry

*OW2812170993 Beijing XINHUA in English 1330
GMT 28 Dec 93*

[Text] Taiyuan, December 28 (XINHUA)—China is to speed up the reform of its tourist planning and investment structure next year, an official said here recently.

Speaking at the National Work Conference on Tourist Planning, Sun Gang, deputy director of the National Tourism Administration, stressed this will be the central task of the coming year's planning work for China's tourism.

He said that the national tourist industry has maintained a sustained, fast and sound development in 1993.

The number of overseas visitors to China in the first ten months of this year reached 34.63 million people, an increase of 9.2 percent from the same period last year, he said.

He said that the total income from tourism was also increased by 19.1 percent to more than 3.73 billion U.S. dollars.

Thanks to the efforts to integrate the manufacture and sale of tourist goods, he noted, the tourist industry made remarkable progress in use of foreign funds, and a group of national zones for tourists and holiday makers have also taken initial shape.

But, he said, the service quality of a few hotels and tourist guides in some places is much below the government's standards.

He also said that there were still illegal and mismanaged cases in the organising of tourist trips abroad.

The deputy director pointed out that the development of the tourist industry is vital to establishment of a socialist market economy.

The reform of the tourism planning system means that the work in this sector should further be enhanced, he said.

He emphasized that the main task of tourism reform is to make sure the role of the market in resource distribution for tourism is able to be brought into full play under macro control.

Close attention should be paid to opening new tourist markets, to attract more overseas tourists and to bring out more products for tourism, he added.

He said that in order to promote the tourist industry to take part in competitive activities in the market, planning must play a part in market prediction, guidance and policy decision-making.

To invigorate China's tourism industry, funds should be pooled from various aspects of society, the deputy director emphasized.

Li Tieying Urges Efforts To Ensure Grain Supply

OW2812170793 Beijing XINHUA in English 1532
GMT 28 Dec 93

[Text] Tianjin, December 28 (XINHUA)—A senior Chinese official, Li Tieying, called for local governments to make immediate and concerted efforts to ensure adequate grain supplies during the Chinese Lunar New Year Festival.

"We won't go back to the old track of issuing ration books and coupons," Li said during an inspection tour of Tianjin City in north China from December 27 to 28.

After he inspected several major granaries and grain processing mills in this municipality directly under the central government, Li said that the country has seen bumper harvests in several consecutive years and that grain stocks of the government and localities are adequate.

The rising grain price is attributed to the lack of a new market system for grain distribution, said Li, member of the Politburo of the CPC Central Committee, state councillor and minister in charge of the State Commission for Restructuring the Economy.

"It is a favorable time to establish a new grain distribution system at present," he said, stressing that elimination of government control on grain prices does not necessarily mean that a new grain distribution system has been established.

He urged local governments to take prompt measures to enhance macro-control of the grain market.

Li emphasized that a complete governmental grain storage system and a regulative fund must be set up to lever the market. "Only if we have grain in one hand and money in the other hand, can we regulate the grain market effectively," he said.

As for the present, Li said, local governments have to secure adequate supplies of grain, in order to enable the people to pass a happy holiday during the Lunar New Year.

The Lunar New Year, also known as the Spring Festival, falls on February 10 in 1994. It is one of the most important holidays in the Chinese calendar, when families traditionally get together.

Farm Produce Prices To Rise in 1994

HK2812035693 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0340 GMT 15 Dec 93

[Text] Beijing, 15 Dec (ZHONGGUO TONGXUN SHE)—According to an analysis by the State Data Center, farm produce procurement prices will rise steadily in 1994.

It is thought that there are three reasons behind the rise: First, the high-speed development of the national economy as a whole will definitely bring increased demand for farm produce, leading to price rises. Second, the prices of the means of agricultural production have gone up quickly, feed grain prices have also risen considerably this year, and this will drive up the prices of farm produce next year. Third, the area cultivated with staple crops has decreased sharply this year. Acreage under wheat, paddy, and corn has dropped by 2.64 million ha, their output drop equalling the previous year's figure; the acreage under cotton by 1.38 million ha, its output dropping by 10 million dan; and the acreage under oil-bearing crops by 0.42 million ha, its output dropping by about 30 percent. As a result, there will likely be a gap between supply and demand in farm produce next year, contributing to the rise in procurement prices. However, price hikes will not exceed 10 percent.

Water Conservancy Projects Benefit Tibet

OW2912021393 Beijing XINHUA in English 0048
GMT 29 Dec 93

[Text] Lhasa, December 29 (XINHUA)—Water-conservancy and irrigation works have flourished in the Tibet Autonomous Region during the past few decades, and have effectively promoted the development of local farming, animal husbandry, industry and urban construction.

So far the autonomous region boasts a total of more than 20,000 water-conservancy and irrigation projects of various sizes, including 5,000-odd reservoirs and ponds, 130 pumping stations and over 400 small hydropower stations.

These have all greatly improved the conditions of local farming and animal husbandry, and increased the grain output and the amount of livestock.

Irrigated farmland has increased from 90,000 ha in 1952 to 140,000 ha this year.

Irrigated grassland has also appeared for the first time in the region and has reached 116,000 ha.

A large area of low-yield farmland has been improved, and irrigated high-yield farmland has become the main grain source for the region.

Compared with that of only a few decades ago, the total grain output of Tibet has jumped three times, and animal husbandry production has doubled.

This has had a far-reaching impact on the way of life of local farmers and herdsmen.

Starting from actively using the water conservancy and irrigation facilities, they have become keen on utilizing

scientific technologies in their farming and animal husbandry as well as improving the quality of their lives.

The development of water-conservancy projects has not only guaranteed supplies of electricity for urban residents and industries but also greatly reduced the dangers of flooding.

East Region

Fujian Sees Increase in Foreign Trade

OW2812171793 Beijing XINHUA in English 1053
GMT 28 Dec 93

[Text] Fuzhou, December 28 (XINHUA)—East China's Fujian Province has seen a remarkable increase in its imports and exports this year, local trade officials said here today.

Up to December 20 the province had exported 5.28 billion U.S. dollars-worth of goods, which is 1.25 billion U.S. dollars more, or 33.3 percent higher than the comparable figures for last year. The figure will rise to 5.7 billion U.S. dollars by the end of this year.

In the first 11 months the province imported 3.24 billion U.S. dollars-worth of goods, an increase of 87.65 percent compared to the same period of last year, the officials said.

In terms of exports, Fujian's position among Chinese regions jumped from 11th in 1979 to third this year, following Jiangsu and Shandong, thanks to an annual 25 percent rise over the past 15 years, according to the officials.

Compared with a scanty 4.9 percent in 1978, the value of exports will account for 40 percent of the province's GNP this year, the officials expected.

Fujian's imports increased at an even faster pace, the officials said. Its position among Chinese regions will probably advance to third after standing at the fourth for two to three years.

The trade officials contribute much of the increase in import and export business to the reform of the province's foreign trade system. This year 38 enterprises have been granted direct import and export rights, while a large number of enterprises have made headway in improving their management and transforming their operational mechanism.

Another important factor contributing to the increase was the rapid development of foreign-funded enterprises, the officials noted.

Of the 5.7 billion U.S. dollars worth of exports, 2.73 billion U.S. dollars-worth will come from foreign-funded enterprises, the officials said, adding that this figure will be 66.3 percent higher than that of last year.

Shandong Secretary Attends Deng Study Class

SK2912062593 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 28 Dec 93

[Excerpts] The first study class sponsored by the provincial party committee for leading cadres to study Volume 3 of the *Selected Works of Deng Xiaoping* concluded in Jinan on 28 December. The study class, arranged by the provincial party committee, has been regarded as an

important work. Attending the class were 43 principal leading comrades from the provincial party committee, the provincial people's congress, the provincial people's government, the provincial Chinese People's Political Consultative Conference [CPPCC] committee; as well as principal responsible comrades from various cities, prefectures, and the provincial level organs.

Jiang Chunyun, secretary of the provincial party committee, made an important speech at the opening ceremony for the first study class. During the class, Jiang Chunyun learned what the attendees had gained and understood personally in the study, and fully acknowledged the achievements scored by the class. He put forward clear demands of how to enhance the study in this regard in the future.

Dong Fengji, member of the provincial party standing committee and director of the propaganda department, presided over the closing ceremony for the class.

Li Chunting, deputy secretary of the provincial party committee and vice governor of the province, delivered a summary speech at the closing ceremony. [passage omitted]

Also attending the closing ceremony for the study class were Li Zhen, chairman of the provincial people's congress standing committee; and Lu Maozeng, chairman of the provincial CPPCC committee.

Shandong Radio Station Adds News Programs

SK2912023293 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 27 Dec 93

[Summary from poor reception] From 1 January 1994, the Shandong People's Broadcasting Station will readjust its news programs. The station will adjust its daily programming from eight broadcasts of 80 minutes to 14 broadcasts of 165 minutes. The news program broadcast at 0600 is entitled "Lookout at Home and Abroad." The program at 0700 is Shandong News, and is repeated at 0800. The news program at 0725 is entitled "Broad News Angles," including a series of reports and special reports. While Shandong News and the provincial hookup are recorded broadcasts, other news programs will be broadcast live to listeners. To satisfy sports lovers, the station will arrange a sports news program entitled "The Voice From the Sports Altar."

Shanghai Opens Goods Exchange in Trade Zones

OW2812171293 Beijing XINHUA in English 1545
GMT 28 Dec 93

[Text] Shanghai, December 28 (XINHUA)—China's first duty-free capital goods exchange in free trade zones opened here today as part of the nation's effort to get in gear with the global market.

Ruan Yanhua, president of the exchange, said that this exchange handles both Chinese and foreign capital

goods, such as building materials, office equipment, textile machinery, electric appliances and automobiles.

Deals will be made in hard currency on the exchange in the Waigaoqiao free trade zone, he said.

Now, 108 companies from China and other countries have opened 162 stands on the exchange, with a total exhibition floor space of 10,000 square meters.

Companies from the United States and France display their goods for Chinese clients to choose from for imports, while Chinese companies exhibit their products for overseas customers to choose from for exports.

Central-South Region

Guangdong's Guangzhou Subway Under Construction

HK2912045393 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 28 Dec 93

[Text] This morning, construction of the No. 1 line of the Guangzhou underground railroad officially began, an event that Guangzhou citizens have long looked forward to. At the same time, a ribbon cutting ceremony was held to mark the completion of the Zhu Jiang tunnel. The section between Jiangwan New Town and Yuexiu Road north of the Donghaochong elevated highway was also opened. These mark a new era in the history of Guangzhou's municipal works construction.

Construction Minister Hou Jie, provincial Governor Zhu Senlin, Vice Governor Zhang Gaoli, Guangzhou City CPC Secretary Gao Siren, Guangzhou Mayor Li Ziliu, and some other leaders attended the ribbon cutting ceremonies. Vice premiers Zou Jiahua and Li Lanqing each sent a congratulatory message.

The Guangzhou underground railway is an extra large cooperation project between China and other countries, and is also Guangzhou's biggest municipal works project ever. The No. 1 line, which began construction today, runs 18.46 km from Guangzhou Steelworks in the west to Guangzhou East Railway Station. Total investment in this phase is 6 billion yuan.

Guangzhou's first cross-river tunnel, after five years of hard work, was fully completed today. The length of this tunnel, China's first built with [words indistinct] method, is 1,238 meters, of which 457 meters is under the river bed. The total investment was 600 million yuan, and the traffic handling capacity of the design is 50,000 vehicles a day.

The partial opening of the Donghaochong elevated highway is part of Guangzhou's effort to redevelop Donghaochong and help relieve traffic congestion on the south-north main line in the old town area.

Guangdong Begins First 'Specialized' TV Station

OW2812194093 Beijing XINHUA Domestic Service in Chinese 0540 GMT 16 Dec 93

[By reporter Wang Chuazhen (3769 0278 4176)]

[Text] Guangzhou, 16 Dec (XINHUA)—The Guangdong Economic Television Station, our country's first specialized television station, was inaugurated here recently.

The Guangdong Economic Television Station, which is also known as the Commercial Television Station, is a television concern that operates under an entirely new system as an enterprise which does not have an hierarchical administrative structure, does not require state allocations and additional state staffing quotas, practices independent accounting and management, and is responsible for its own profits and losses.

With news, special economic, information, and commercial service programs as its staple fare blended with entertainment, sports, films, television movies, and other variety shows, the station stresses innovation, variation, timeliness, and liveliness in closely following developments in society and people's lives with a view to serving the economy, consumers, and the general public.

The specialized television station implements a personnel contractual system under which it openly recruits personnel from society to host programs, cover and edit news, produce programs, and manage technical and advertising affairs. It hires qualified people, implements a two-way selection process, carries out contractual assignment procedures, practices an appointment system for cadres at all levels, and adopts the principle of employing a small work force to turn out high work output for high remuneration.

It is understood that the station is exclusively financed by Guangdong's Zhongqiao group.

Guangxi Views Real Estate Speculation

HK2912041593 Beijing RENMIN RIBAO in Chinese 17 Dec 93 p 2

[By Qin Zhijie (4440 2535 2638): "Guangxi Takes Back Land Examination and Approval Power Delegated to Lower Levels"; first paragraph is RENMIN RIBAO editor's note]

[Text] We have learned that it has been some time since Guangxi first considered withdrawing provincial-level land examination and approval powers that were delegated to prefectures and cities. Now, Guangxi has finally made up its mind to change its previous decision, reiterating that prefectures and cities only possess land examination and approval powers stipulated by the law. This is a major move taken by the Guangxi Regional CPC Committee and government in the implementation of the spirit of an instruction given by the party Central Committee and the State Council, which states that

"powers concerning land cannot be delegated to lower levels." This move will undoubtedly play an important role in boosting Guangxi's economic development and in cultivating and standardizing Guangxi's land market.

The Guangxi Zhuang Autonomous Regional CPC Committee and the autonomous regional government recently issued a "Circular Reaffirming Land Examination and Approval Power of Prefectures and Cities," formally withdrawing provincial-level land examination and approval powers once entrusted to prefectures and cities.

Since last year, Guangxi has entrusted provincial-level land examination and approval powers to a number of prefectures and cities, including Yulin, Liuzhou, Baise, Heshi, and Beihai. It meant that these prefectures and cities did not need to report to relevant departments of the autonomous region for examination and approval of 1,000 mu or less of farmland and 2,000 mu or less of uncultivated land.

According to stipulations set in the "Law of the People's Republic of China on Land Management," examination and approval powers concerning farmland and other kinds of land of the above-stated acreage rests only with departments at the provincial, autonomous regional, and municipality level. Departments at the prefectural and city level only have the power to examine and approve 50 mu or less of farmland and 100 mu or less of other types of land.

Though Guangxi's original intention in entrusting land examination and approval powers to lower levels was to enhance working efficiency, the move itself brought about many problems, including an unduly large supply of land, chaotic order in the land market, and excessive real estate speculation. While stressing the need to act according to the law and to withdraw land examination and approval powers, they have also called for earnest efforts to simplify formalities and make timely reports to the higher levels concerning the examination and approval of land earmarked for projects and development zones.

North Region

Beijing Holds Meeting To Study Decision

SK2912133793 Beijing BEIJING RIBAO in Chinese 12 Dec 93 p 1

[Excerpts] On 11 December, the Beijing Municipal party committee and the theoretical study central group of the municipal government cosponsored a meeting to report on the study of the "decision" of the Third Plenary Session of the 14th CPC Central Committee and invited Zhou Zhengqing, vice president of the People's Bank of China, to deliver a report entitled: "Socialist Market Economy and the Deepening of Financial Reform."

Chen Xitong, secretary of the municipal party committee, attended the report meeting. Chen Guangwen, deputy secretary of the municipal party committee, presided over the meeting.

Comrade Zhou Zhengqing pointed out: Since 1978, along with the deepening of the reform of the economic system, our country has also conducted a series of reforms of the financial system. Great changes have taken place in the financial system and its operational mechanism. However, the old system still has some defects, which makes it incompatible with the development of the socialist market economy. Therefore, we must continue to promote the financial system reform. In line with the demands of the party Central Committee and the State Council and through a long period of repeated appraisals and preparations, we will begin to implement the next step of the financial reform plans. [passage omitted]

Zhou Zhengqing believed that in the process of accelerating the reform of the financial system, we must maintain close ties with China's reality, take the international successful methods as reference, set norms to keep all sorts of financial activities within proper bounds in line with the current practice of the market economy, and better combine China's economy with the international economy. He also expounded on the issues which we should pay attention to in the course of implementing the financial system reform.

Chen Xitong, secretary of the municipal party committee, gave a speech at the meeting. He said: The 14th party congress explicitly defined the objective of building the socialist market economic system. This indicated that our country has entered a new stage of reform and opening up. The "decision" adopted at the Third Plenary Session of the 14th Party Congress has also drawn a basic pattern of the new economic system. Our task is to take Comrade Xiaoping's theory as guidance and conscientiously study and implement the decision of the Third Plenary Session of the 14th CPC Central Committee. To this end, we will also invite some comrades to give guidance and teaching reports. We should soberly recognize that we are not familiar with the socialist market economy. We must not be satisfied with the knowledge and experiences which we gained during the past years, not believe that we know reform well, and must not be self-satisfied or fail to study with an open mind. We must study realistically and earnestly, conscientiously conduct investigations and studies, do a good job in implementing all sorts of reform which will be carried out successfully in line with our work reality, and strive to build the market economic system.

Leading comrades of the municipal party committee, the municipal people's congress standing committee, the municipal government, the municipal committee of the Chinese People's Political Consultative Conference, the municipal discipline inspection commission, including Zhang Jianmin, Zhang Baifa and Wang Baosen,

attended the report meeting. Principal responsible comrades of various departments, committees, and offices of the municipal party committee and the municipal government, the municipal Trade Union Council, the Communist Youth League, and the Women's Federation also attended the report meeting.

Beijing Secretary Views 'Administrative Honesty'

SK2312013893 Beijing BEIJING RIBAO in Chinese 7 Dec 93 p 1

[By Reporter Ding Yatao (0002 0068 7290): "Closely Combine the Building of Administrative Honesty with the Building of Administrative Diligence"]

[Text] A few days ago, Chen Xitong, secretary of the municipal party committee held a forum with heads of 10 grass-roots police stations on the building of administrative honesty, legal system, and administrative diligence among public security organs in the municipality. Chen Xitong stressed: We should closely combine the building of administrative honesty, the legal system, and administrative diligence, do many tangible and good things for the people based on the building of administrative honesty and the preceding stages of the legal system, and establish even closer ties between the police and the people to push the building of administrative honesty to an even higher level.

Attending the forum were Wang Tong, standing committee member of the municipal party committee and secretary of the municipal commission of political science and law, and Duan Bingren, standing committee member of the municipal party committee and secretary general of the municipal party committee.

Since July this year when the municipality began the building of administrative honesty and the legal system, public security organs in the municipality set specific goals to fit their characteristics on themselves in line with the related demands set by the central authorities. Leaders of the municipal public security bureau have taken the lead in maintaining administrative honesty and self-discipline. People's policemen have conducted self-examination and self-correction. Various districts and counties have launched the activities of examining and supervising each other and have, at the same time, held various kinds of forums to listen to opinions from various fields and accept the direct supervision of the people on various circles in society. In line with their respective characteristics, various grass-roots police stations have formulated a series of management regulations on the service to the people, thus systemizing the work concerning administrative honesty and administrative diligence. These activities have helped improve the quality of public security personnel and helped crack down on a number of major and appalling cases, thus effectively dealing blows to criminal and economic offenses and safeguarding social order. Recently, in raising their work efficiency, these police stations have also emphatically launched the activities of doing many

tangible and good things for the masses. Wherever these activities were launched, the people were relatively satisfied with the work of public security organs. Some citizens said with praise: "Lei Feng has returned," and "the Old Eighth Route Army has returned." Many policemen were warmed by the criticism and support of the masses and were greatly educated. At the forum, heads of 10 police stations told of many vivid and touching cases to report their situation in achieving good results in building administrative honesty, diligence, and the legal system.

Wang Tong, standing committee member of the municipal party committee and secretary of the municipal commission of political science and law, demanded, in his speech, that all public security organs in the municipality summarize the experiences gained in building administrative honesty, legal system, and administrative diligence at the preceding stage, further accept supervision by the masses, perfect various systems, maintain close ties with the masses, integrate the building of administrative honesty with the building of administrative diligence, and do even more tangible things for the masses.

Chen Xitong, secretary of the municipal party committee, affirmed the initial results of public security organs in building administrative honesty, administrative diligence, and the legal system in previous stages. Chen Xitong stressed: In their work in the next step, public security organs throughout the municipality should appropriately combine the building of administrative honesty and the legal system with the building of administrative diligence and the doing of good and tangible things for the masses in order to transform initial results into practical action serving the people and in order to further strengthen the close ties with the masses. This work itself is precisely to grasp the building of the ranks of public security cadres and policemen. I suggest launching the activities of "I am the people's policeman in the capital" and to further foster the sense of honor, pride, and responsibility, among people's policemen. The leading party group of the municipal public security bureau should set specific demands on activities. We should push building administrative honesty, administrative diligence, and the legal system to a newer, still higher level, consolidate and expand results achieved so far, and make great efforts to build the public security ranks into powerful ranks possessing high political awareness that the party and the government can rely upon and that can be trusted by the people.

Chen Xitong, secretary of the municipal party committee, also stressed: It is precisely to serve the people that the administrative honesty and administrative diligence exist. Cadres should be honest and diligent for the people, and diligent and honest to prevent anticorruption. Being honest but not diligent, work efficiency will be low. Being dilatory and lazy and not doing a stroke of work on their job, the masses will not be happy. Furthermore, how will the common people trust us if we are diligent but not honest? Therefore, as far as the methods

of the municipal public security bureau are concerned, all departments and units in the municipality should, on the basis of building administrative honesty, voluntarily launch the activities of doing tangible and good things for the masses and should strive to maintain close ties with the masses, overcome bureaucratism, and improve work style in order to push the building of administrative honesty to a newer, even higher level. This is of great significance.

Attending the forum were all the members of the leading party group of the municipal public security bureau and leaders of seven public security subbureaus.

Tianjin Holds 2d CPC Plenary Session

SK2812133993 Tianjin People's Radio in Mandarin
2300 GMT 27 Dec 93

[Text] The second enlarged plenary session of the sixth municipal party committee was held at the Tianjin assembly hall from 24 to 27 December. The session took Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the basic line of the party as guidance; comprehensively implemented the guidelines of the 14th party congress and the third plenary session of the 14th party Central Committee; studied and arranged the 1994 work, discussed and approved the 1994 work priorities of the municipal party committee; and mobilized the broad masses of party members, cadres, and people to fight for speeding the pace of reform, opening up, and modernization in the new year.

On the morning of 24 December, the enlarged plenary session held its first plenary meeting. Gao Dezhan, secretary of the municipal party committee, made an important speech at the meeting. Zhang Lichang, deputy secretary of the municipal party committee, chaired the meeting. The second enlarged meeting was held on the afternoon of 27 December. The participants in the meeting unanimously approved the 1994 work priorities of the municipal party committee. Gao Dezhan chaired and addressed the meeting.

The comrades participating in the meeting conscientiously and enthusiastically discussed the work priorities of the municipal party committee and Comrade Gao Dezhan's speech.

They maintained: In 1993, all fronts of the municipality deeply implemented Comrade Deng Xiaoping's important talks and the guidelines of the 14th party congress, conscientiously implemented the guidelines of the sixth municipal party congress and various tasks as set forth at the first meeting of the 12th municipal people's congress, and made outstanding achievements. The municipality ensured a sustained, fast, and smooth progress of the national economy; and made bigger strides for reform and opening up. The municipality and all districts and counties successfully completed the elections of their new leading bodies. The municipality made noticeable

achievements in building spiritual civilization, democracy, the legal system, and the party. Particularly after the publication and issuance of Volume 3 of the *Selected Works of Deng Xiaoping*, a gratifying situation in studying theories, that had never appeared for several years, emerged. The municipality was among the best in the whole country in terms of the social order. Noticeable achievements were made in waging the anticorruption struggle. New headway was made in education, science and technology, culture, art, public health, and sports undertakings.

The meeting stressed: Using Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to arm the whole party is the fundamental guarantee for achieving the work and promoting reform, opening up, and modernization. We should conscientiously study Volume 3 of the *Selected Works of Deng Xiaoping*, deeply understand the important idea that development is an unchanged principle, further upgrade the awareness of firmly implementing the basic line of the party, deeply understand the importance of grasping favorable opportunities, further enhance the sense of urgency for speeding up the pace of development, deeply understand the essence of emancipating the mind and seeking truth from facts, conscientiously eliminate various ideological obstacles affecting the acceleration of development, deeply understand the principle of taking a two-hand approach and being tough with both hands, realistically attend to the building of spiritual civilization, and create favorable conditions for speeding up the economic development.

The meeting set forth the general requirements for the 1994 work as follows: Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the basic line of the party, we should comprehensively implement the guidelines of the 14th party congress and the third plenary session of the 14th party Central Committee; grasp favorable opportunities to speed up the pace of reform, opening up, and modernization; ensure a sustained, fast, and smooth progress of the national economy; strengthen the improvement of the spiritual civilization; comprehensively promote social progress; and make a key breakthrough in speeding up the setup of the socialist market economic system and fulfilling the second-step development goal ahead of schedule.

The meeting urged that in 1994, the party committees and governments at various levels must concentrate great energy on speeding up the pace of reform and opening up, further deepen the emancipation of the mind, and expand the scale of reform and opening up.

The meeting maintained: To implement the general requirements for the 1994 municipal work and comprehensively fulfill various work tasks and targets, we should emphatically attend to 15 work tasks. First, deepen the enterprise reform, change the managerial mechanism, and set up the modern enterprise system. Second, speed up the reform of the circulation system

and cultivate and develop the market system. Third, conscientiously implement the state measures for macroeconomic reform and comprehensively reform the revenue-sharing, social guarantee, land utilization, and housing systems. Fourth, realistically change the government functions and achieve the organizational reform. Fifth, further expand the scale of opening all directions to both domestic places and foreign countries and speed up the pace of using foreign capital. Sixth, accelerate the readjustment pace and optimize the economic structure. Seventh, realistically strengthen the managerial work and seek efficiency and economic results from management. Eighth, vigorously cultivate and develop new economic growing points. Ninth, realistically strengthen agriculture and rural work. Tenth, rely on science and technology and education to rejuvenate [words indistinct]. Eleventh, bring into full play [words indistinct]. Twelfth, make concerted efforts to seek benefits and do concrete deeds for the people. Thirteenth, further strengthen the building of spiritual civilization. Fourteenth, strengthen the setup of the socialist democratic politics and legal system. Fifteenth, strengthen the overall improvement of social order and safeguard social stability.

The meeting pointed out: The year 1994 is a year of extreme importance to Tianjin. To comprehensively fulfill various tasks, we should strengthen leadership, define responsibility, unite as one, do solid work, rely on the broad masses of the people across the municipality, mobilize all positive factors, and work with one heart and soul to fulfill the 1994 tasks.

Northeast Region

Jilin Secretary on Improving Party Style

SK2912065893 Changchun Jilin People's Radio Network in Mandarin 2300 GMT 28 Dec 93

[Excerpts] On the morning of 28 December, the provincial party committee held a meeting to report advanced examples in improving party style and administrative honesty.

Present at the meeting were more than 1,000 people, including leaders of the provincial party committee, the provincial people's congress, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference, and the provincial discipline inspection; and party-member cadres of the provincial-level organs at or above the section level. Feng Ximing, standing committee member of the provincial party committee and secretary of the provincial discipline inspection commission, chaired the meeting. [passage omitted]

After a report of advanced examples was finished, He Zhukang, secretary of the provincial party committee, made a speech at the meeting.

He Zhukang said in his speech: After hearing the reports on examples of advanced deeds, we have deeply and realistically accepted an administrative education on party style and administrative honesty. These advanced examples represent the main stream of the province's cadre contingents. We notice not only the broad masses of party-member cadres' valuable spirit of unswervingly fighting for the cause of the party and being diligent in performing official duty for the people, but also the province's gratifying achievements in correcting party style and strengthening the improvement of administrative honesty.

Comrade He Zhukang said: Our party has constantly paid full attention to fostering and disseminating advanced examples; and using their exemplary deeds and lofty spirits to educate the broad masses of party members and cadres to persist in the ideal of the party, observe party discipline, and practice the goal of the party. By fostering and disseminating advanced examples and conducting education by being positive examples, we will be able to mobilize and edify the broad masses of party members and have them see the advanced, think of equaling and emulating the advanced, imperceptibly correct their ideas and work style, and upgrade their overall quality. So, this is conducive to upgrading the party's prestige among the people, enhancing the people's confidence in opposing corruption and advocating administrative honesty, strengthening the cohesive power of the party, strengthening the ideological and political work, expanding the influential scale, and having the party members play an exemplary role in improving party style and administrative honesty. Vigorously fostering and disseminating a number of advanced examples in improving party style and administrative honesty, fostering new practice, and advocating justice in the course of sternly investigating and handling cases is a realistic demand for correcting party style, strengthening the improvement of administrative honesty, and deeply waging the anticorruption struggle. All this is of great significance in encouraging the broad masses of party members, cadres, and people to work in one heart and soul, to push forward reform and opening up, and to realize the strategic goal of building a developed border and a province located near the sea.

Comrade He Zhukang urged: The party committees and governments at various levels should further understand that deepening the anticorruption struggle is of great significance to reform, opening up, and modernization. At the time of speeding up reform and development, we should pay high attention to the anticorruption struggle; grasp the improvement of administrative honesty; strive to coordinate reform, opening up, and economic construction with the struggle against corruption and for administrative honesty; and explore and sum up, in the course of practice, accurate coordination ways and methods. We should grasp the anticorruption struggle and the improvement of administrative honesty from the very beginning, treat the problems in this aspect by

looking into both their root causes and symptoms, pay equal attention to achievements and effect, comprehensively eliminate corruption, ensure that regulations and rules coordinate with policies and systems coordinate with internal management, and perfect the administrative, self-disciplined, and supervisory mechanism of state organs and their working personnel. The party committees at various levels should strengthen leadership; make a unified arrangement; pool joint efforts; seek truth from facts; grasp policies; be resolute, prudent, and accurate; do solid work; solve problems; strive to seek real results; set our sight on the overall situation; be submitted to the overall situation; serve the central link of economic construction; analyze the situation; grasp orientation; timely study the new conditions and problems cropping up in the anticorruption; and guide the deep progress of the anticorruption struggle. We should set strict demands on the leading organs and leading cadres, be honest in performing official duties, be self-disciplined, sternly punish the corrupt, and be diligent in serving the people. The provincial-level organs should further strengthen the improvement of ideology and work style, strictly enforce discipline, consider the overall situation, conscientiously assume responsibility, improve work efficiency, render good service, foster a good image, and set an example for the lower levels and the grass roots. The responsible persons of all units should realistically attend to improving the administrative honesty of their units. The party work committees under the provincial-level organs should strengthen supervision and examination.

Comrade He Zhukang concluded: In the coming year of 1994, we should further persist in the principle of taking a two-hand approach and being sure that both hands are tough and coordinate honest administration with diligent administration. The leading cadres at various levels should strengthen party spirit; be inspired with enthusiasm; do solid work; be diligent in serving the people; keep in mind the party and the state, the undertakings of reform, opening up, and construction, and the people; stress responsibility; grasp great matters; judge political achievements; and vie with one another to make contributions. We should firmly remember the goal of serving the people wholeheartedly; be cautious and sincere; work arduously; and give full play to our abilities and make contributions to changing the appearances of our hometown and Jilin and developing the grand cause of building Jilin into a developed border and a province located near the sea. We should take the guidelines of the third plenary session of the 14th party Central Committee and the second plenary session of the sixth provincial party committee as motivation and use the advanced as examples to further strengthen the improvement of party style and administrative honesty and make due contributions to comprehensively fulfilling the tasks of elevating the economy to a new height.

Comrade Feng Ximing made a speech at the conclusion of the meeting. [passage omitted]

New Commodity Exchange Goes Into Operation in Jilin

OW2712144593 Beijing XINHUA in English 1400 GMT 27 Dec 93

[Text] Changchun, December 27 (XINHUA)—A new commodity exchange in Changchun, capital of northeast China's Jilin Province, was put into operation yesterday.

The Changchun Commodity Exchange, the third of its kind in northeast China, is a comprehensive one which will conduct both spot transactions and futures trading.

Commodities to be listed include petrochemical products, nonferrous metals, forest products, farm and sideline products. The commodities traded at present are corn, rice, crude oil and some end products.

Equipped with an advanced computer control system, the exchange center, a joint stock company, is being linked with other commodity trading centers throughout the country by means of telecom satellite systems.

The province, rich in natural resources, has a vigorous commodity trade in the domestic and international markets.

Local officials said that the establishment of the exchange would promote the province's economic development and the circulation of commodities in the area and in the country.

Activities, Remarks of Liaoning's Gu Jinchi

Gives Economic Directives to Benxi

SK2812044293 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 27 Dec 93

[Text] From 25 to 26 December, Gu Jinchi, secretary of the provincial party committee, and Xu Wencai, member of the provincial party standing committee and secretary general of the provincial party committee, made inspection tours in Benxi city.

After hearing briefings delivered by Dong Jiuzhou, secretary of the Benxi city party committee, and (Wei Duanen), mayor of the city, Gu Jinchi pointed out: Benxi is endowed with rich natural resources and has a very good foundation and very large potential. Only by bringing its strong points into play and conducting classified guidance will the city's rapid development of its economy be possible. Efforts should be made to bring into play the strong points of large enterprises in the fields of talented personnel, equipment, and technologies to bring along the development of township enterprises and to increase economic results in an overall way. The province's enterprises covered by the budget have scored 113 billion yuan of output value this year but its township enterprises have scored more than 100 billion yuan in this regard. This has proved that Liaoning can develop its economy in a rapid and healthy way by developing the unified economy between urban and

rural areas. The way raised by Benxi for economic development with regard to having the Benxi Iron and Steel Company, the locally-owned enterprises, and township enterprises achieve development simultaneously, is very good. A good job should be done in conducting operation combination among the three and having them supplement one another. Based on the production of the Benxi Iron and Steel Company, we can bring along the development of a large number of locally-owned and township enterprises.

Speaks on United Front Work

SK2812030493 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 27 Dec 93

[Text] The provincial united front work conference opened in Shenyang on 27 December. Wang Huaiyuan, deputy secretary of the provincial party committee, presided over the conference and Gu Jinchí, secretary of the provincial party committee, delivered an important speech.

In his speech Gu Jinchí pointed out: We should fully discern the important strategic position of united front work in the new historic period and emphatically regard the united front work as an indispensable political accomplishment for the party's leading cadres. Gu Jinchí said: In conducting the united front work, we should catch up with the pace of development of the age; engage in deep studies in the work; boldly conduct exploration; and continuously create new ways and methods suitable to the new situation, which can render services for economic construction. In 1994 the province's reform program will enter the period of storming heavily fortified points in the course of pushing forward the reform as a whole and of making a breakthrough among key aspects. Next year will be a year in which the number of reform projects will be the largest over the past decade. These projects will relate to the state, enterprises, individuals, various social circles, and various industries and trades. Various democratic parties and mass organizations should do a good job in maintaining the contact with their staffers and help them upgrade their understanding of the reform measures and support the reform.

Gu Jinchí pointed out: The entire party should attach importance and support the united front work, continuously do a good job in conducting work division and coordination among its subordinate departments for the work, and enhance the construction of the personnel's contingent of united front work departments.

Zhang Chenglun, director of the united front work department under the provincial party committee, delivered a work report entitled "Vigorously Do a Good Job in Conducting the United Front Work Under the New Situation So as To Render Service for the Economic Construction in Liaoning."

Attending the work conference were provincial leading personnel, including Sun Qi, Li Guozhong, Xu Wencai, Xiao Zuofu, Yu Xiling, and Wang Wenqian; veteran

comrade Zhang Yan; and leading personnel from the departments concerned under the provincial level organs and from various cities.

Forum Held on Liaoning Anticorruption Work

SK2912030193 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 28 Dec 93

[Excerpt] The provincial discipline inspection commission recently held a forum on the anticorruption work with the participation of secretaries of the discipline inspection commissions at the prefecture-city level and of responsible persons from the units concerned under the provincial level organs.

Wang Wenqian, deputy secretary of the provincial discipline inspection commission, delivered a speech in which he summarized the province's anticorruption work and made work arrangements for the future.

Shang Wen, member of the provincial party standing committee and secretary of the provincial discipline inspection commission, delivered an important speech.

It was contended at the forum that the province's current situation in the anticorruption struggle is fine, that the development of the struggle is healthy, and that the province had scored achievements to varying degrees in the three tasks set forth by the central authorities.

It was pointed out at the forum that we should fully acknowledge the achievements scored by the province in the anticorruption struggle in the former period, but should not overestimate them. Judging from the province's situation as a whole, the anticorruption struggle of various localities and departments has not been even, in addition the fulfillment of three tasks for the struggle in these localities and departments has also not been even. Leading cadres in some localities have not sufficiently accorded with their local reality in fulfilling the targets of honestly performing official duties, exercising self discipline, and conducting self examination and correction. They have not fully carried out an in-depth struggle. In conducting the work of correcting malpractice, they have not completely fulfilled the set targets. In investigating and handling cases, some localities and units have not firmly grasped the work; have not placed cases on file in a timely manner; and have not completed the cases rapidly. The major reasons for these problems is that a number of leading cadres have not truly dealt with their problems of understanding the anticorruption struggle, have not sufficiently attached importance to the struggle, and have not effectively exercised their leadership.

It was stressed at the forum that various localities and departments should make full use of the period before the Spring Festival to vigorously grasp the work in this regard so as to promote the fulfillment of the periodical targets set for the struggle. As for the demands put forward by the CPC Central Committee, the State

Council, the provincial party committee, and the provincial people's government regarding the honest performance of official duties during the festive periods, leading organs and cadres at all levels should take the lead in observing the demands and should not violate them. The discipline inspection and procuratorial organs should do a good job in supervision and inspection and vigorously grasp the work of investigating and handling appalling and serious cases. As for appalling and serious cases, which will be handled in an open trial, leading personnel should take personal charge of these cases, accelerate the progress in handling cases, and ensure the work quality of handling cases. [passage omitted]

Northwest Region

Shaanxi Governor at Party Committee Plenary Session

HK2812053993 Xian Shaanxi People's Radio Network in Mandarin 0500 GMT 21 Dec 93

[Text] The Second Plenary Session of the Eighth Shaanxi Provincial CPC Committee wound up in Xian on 20 December.

Provincial Governor Bai Qingcai delivered at the closing ceremony a summing-up speech in which he said: At the current session, all comrades have conscientiously carried out the spirit of the Third Plenary Session of the 14th CPC Central Committee, discussed Comrade Zhang Boxing's [provincial secretary] work report, and explored a train of thought for as well as a number of measures aimed at rapidly building a socialist market economic structure in light of provincial realities. As a result, all comrades have finally reached an ideological consensus. I firmly believe that this session will help open up new vistas for Shaanxi's reform, opening up, and modernization drive.

Bai said: In order to implement fully the spirit of the current session, all comrades should exert their utmost to renew ideological concepts, adopt a new mental attitude, develop a new leadership style, seize each and every new opportunity, face up to new challenges, and open up new vistas. To seize each and every opportunity, we should first and foremost firmly adhere to the ideological line of emancipating the mind and seeking truth from facts, make continued efforts to wipe out the "leftist" influence, smash the bonds of old customs and habits, break with rigidity and conservatism, develop and enhance a sense of innovation, competition, and ambition, resolutely resist all complacent and conservative mentalities, eradicate fear of difficulties, avoid unduly humbling ourselves, overcome inertia, brace up, vigorously press ahead, make redoubled efforts to accelerate reform, and work hard to have Shaanxi's gross national product quadrupled three years ahead of schedule and its second-stage strategic goal attained two years ahead of time.

Bai also emphatically called for stepping up ideological and style building among party leaders at all levels across

the province, saying that this is an important guarantee of faster reform and development. To this end, he noted that all party leaders should spend more time on theoretical study, cut down on social activities, carry out more investigation and study, overcome subjectivism, do more realistic things, make fewer empty talks, and vigorously create a strong atmosphere for theoretical study, investigation and study, as well as clean and honest government building among leading organs and leading cadres at all levels across the province.

Bai finally stated: The upcoming 1994 is an important year in which we will strive to build a socialist market economic structure here in Shaanxi. Party organizations at all levels across the province should profoundly study and comprehend all reform measures mapped out for 1994 thus far and really unify ideology according to the spirit of the Third Plenary Session of the 14th CPC Central Committee. The principal leading cadres at all levels across the province should try to make full use of news media to explain contents and significance of each and every major reform measure personally, conscientiously, and correctly to the broad masses of the people with a view to dispelling their misunderstandings and misgivings and enabling them to comprehend, support, and personally participate in reform. At present, we should should earnestly make efforts to strictly control Shaanxi's financial outlay, credit and loans, as well as currency input, and to stabilize market commodity prices.

Also attending the closing ceremony were Liu Ronghui and Zhi Yimin, provincial party committee deputy secretaries; Cheng Andong, Li Huanzheng, Xu Shanlin, Wang Zhicheng [provincial military district commander], Liu Kuichu, Jia Zhibang, and Ai Pishan, provincial party committee standing committee members; and others.

The plenary session finally wound up amidst the majestic strains of the "Internationale."

Xinjiang Provides 'Better Environment' for Wildlife

OW2812071393 Beijing XINHUA in English 0654 GMT 28 Dec 93

[Text] Urumqi, December 28 (XINHUA)—Northwest China's Xinjiang Uygur Autonomous Region has made unremitting efforts to provide the local wildlife with a better environment in recent years.

So far, the region has built 20, and plans another ten, nature reserves, eight of which are nature reserves of wild animals.

Covering an area of 1.6 million sq km, Xinjiang has 773 species of vertebrate animals. Some of them are found in Xinjiang only; they include the Tarim hare and Tarim red deer. Some others such as wild horses, wild donkeys and wild camels are considered endangered species worldwide.

While firmly following state laws and regulations on the protection of wildlife, the region has promulgated a series of local regulations on protection of wildlife in its vast territory.

At the same time, the region's governments at all levels have paid attention to severely punishing people engaging in illegal activities such as poaching and trading in protected animals.

Besides government departments and personnel specializing in protection of wildlife, many mass organizations have been established in recent years to help protect wild animals.

As a result of these comprehensive measures, the living environment for wild animals in the region has been markedly improved and the number of wild animals has increased substantially. For example, the number of wild horses introduced from Germany, the United States and Britain has grown from 13 in 1985 to 49.

Report Details 28 Dec Hijacking Incident

OW2912114893 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT 28
Dec 93

[From the "Hookup" program]

[Text] Another plane hijacking happened yesterday [28 December]. It was the 10th mainland airliner hijacked to Taiwan this year. The hijackers were identified as a couple, Luo Chang-hu and Wang I-yin, who had their son with them in the hijacking. Their tools in the hijacking were a medicine box, iron nails, and batteries. Their reasons for the hijacking are unsatisfactory: CPC rule and the dismantling of their three houses in the past 10 years. Under the situation that they had no place to make appeals, the two decided to hijack an airplane to Taiwan with their 12-year old son, Luo Wang-huan.

The hijacked plane landed at Chiang Kai-shek International Airport at 1411 local time [0611 GMT] yesterday afternoon, and left Taiwan at 1825 local time [1025 GMT] yesterday afternoon.

Our side's attitude in handling the plane hijacking was based on the principle of separately handling hijackers and airplanes. However, a high level government official revealed that, if another mainland plane is hijacked to Taiwan in the future, our side will not rule out the possibility of forced repatriation of hijackers or detaining the entire crew to put direct pressure on the CPC. Now let us hear the entire course of the plane hijacking yesterday. The following is a report by Chien Ting-yuan:

The hijacked plane belongs to Fujian Airlines of the CPC with serial number Yun-7/3447. It was piloted by Captain Shen Shang-ming. The plane carried eight crew members and 42 passengers, including three Taiwanese compatriots. The plane was commandeered while en route from Kanchou [Ganzhou] to Hsiamen [Xiamen]. The plane took off from Kanchou at 0424 GMT on 28 December. At 0512 GMT, passengers Luo Chang-hu and Wang I-yin, a couple, threatened the crew members with explosives and ordered the pilot to fly to Taiwan and said that otherwise they would blow up the plane. In this way, they realized their hijacking goal. The plane landed at Chiang Kai-shek International Airport at 0611 GMT.

Hijacking suspect Luo Chang-hu was born in 1955, a native of Kanchou, Chianghsi [Jiangxi] Province. He is a business manager of a trading company. The so-called explosive was a vitamin box with four batteries inside and some electrical wires wrapped around the box. Collaborator Wang I-yin is a worker at an electronics plant. They brought their son, Luo Wang-huan, who is a fifth grader, with them.

According to suspect Luo Chang-hu, the Kanchou city government wantonly dismantled people's houses in the past 10 years and his two houses were expropriated four months ago. He could not find appropriate authorities to

make appeals and he felt discontented. Therefore, he decided to hijack an airplane.

[Begin recording, presumably Luo Chang-hu] Their action hurt the interests of hundreds of thousands of families. I did this to show them. In other words, I will request Taiwan, namely, the legitimate government of China—a government which advocates humanitarianism, freedom, and a legal system—to demand the CPC authorities refrain from continuing their persecution of the people. They should protect the people. It is so written in the Constitution, but in fact the people cannot have such protection. [end recording]

Luo Chang-hu said that he spent 20 days planning the hijacking. He knew he might be repatriated. He said that even if he was repatriated he wanted to tell about this unreasonable fact to the Republic of China Government. Luo Chang-hu said that he carried iron nails with him and that he would commit suicide if his hijacking attempt was unsuccessful. He hoped that his young son could be handed over to his sister-in-law who is in Taiwan for care.

This was the 10th plane hijacking of the CPC's airliner so far this year and was also the second case of plane hijacking by a couple with a child.

The CPC's airliner from this 10th hijacking case stayed at Chiang Kai-shek International Airport four hours and 12 minutes.

The above is a report from Chien Ting-yuan at Chiang Kai-shek International Airport.

As to the little hijacker, Luo Wang-huan, he has already been handed over to Luo Chang-hu's sister-in-law, who is a resident of Taiwan, for care.

Regarding the 10th hijacking of a mainland airliner, our government intentionally lowered the official level in handling the case. Interior Minister Wu Po-hsiung made a formal statement in the capacity of convener of the policy group for dealing with disasters or damage to airplanes in nonmilitary airports and ships in nonmilitary ports. In his statement, he clearly stated that hijackers are considered people who illegally enter Taiwan and will not be allowed to apply for residence in Taiwan. The government will not rule out that at an appropriate time in the future, plane hijackers will be forcibly repatriated. Besides, our side also expressed that, in the future, we will more carefully investigate and interrogate people on-board hijacked planes.

This statement explains for the first time our government's clear stand that hijackers will not be allowed to apply for residence in Taiwan. Meanwhile, our side stressed that, in the future, we will make more prudent and detailed investigation and interrogation and may (?detain) people on hijacked planes. [words indistinct]

Mainland 'Practical Attitude' on Hijackings Urged*OW2912085493 Taipei CNA in English 0754 GMT 29 Dec 93*

[By Debbie Kuo]

[Text] Taipei, Dec. 29 (CNA)—The Mainland Affairs Council (MAC) Tuesday [28 December] urged Beijing to adopt a practical attitude in dealing with the increasing number of cross-Taiwan Strait hijackings.

MAC officials, reacting to Tuesday's hijacking of a mainland airliner to Taiwan, said it's high time for Beijing to check the problem at its root rather than simply accusing Taiwan of being a "hijackers' paradise."

A married couple hijacked a Fujian airlines plane to Taiwan Tuesday afternoon, marking the 10th hijacking since April and the third this month.

Taiwan is by no means a paradise for hijackers, the MAC said. Under Republic of China [ROC] law, hijackers serve long jail terms in Taiwan before being sent back to Mainland China. So far, every mainland hijacker has been sentenced to at least 10 years in prison by Taiwan district courts, MAC said.

The Mainland Chinese news media has either failed to report hijackings to Taiwan, or reported the hijacking and then complained that the ROC authorities refuse to repatriate the hijacker, MAC added.

The mainland media has never reported the fact that hijackers are prosecuted and sentenced in the ROC, which has led the mainland public to believe that hijacking a plane to Taiwan is a passport to residence in the ROC, MAC explained.

MAC went on to say that Taipei has never been opposed to the repatriation of hijackers. In fact, MAC said, Taipei demonstrated its sincerity in trying to reach a consensus with the mainland officials on hijacker repatriation during the Dec. 18-23 cross-strait talks.

The talks, however, ended without agreement after the mainland delegation refused to recognize the fact that Taiwan and Mainland China are ruled by two separate political entities and did not respect Taiwan courts' rights of jurisdiction.

SEF Receives ARATS Suggestion on Meeting Venue*OW2812181393 Taipei CNA in English 1402 GMT 28 Dec 93*

[By Lillian Lin]

[Text] Taipei, Dec. 28 (CNA)—The Straits Exchange Foundation [SEF] received a letter from Mainland China's Association for Relations Across the Taiwan Strait [ARATS] Tuesday [28 December] suggesting that the next cross-strait meeting be held in Mainland China.

ARATS said that the next round of negotiations should be held as soon as possible, and that details regarding the delegates, timetable and [words indistinct] be worked out by both sides.

The semi-official mainland organization also mentioned that sensitive political, jurisdictional and legal issues should be avoided in the negotiations.

ARATS affirmed in the letter that the Dec. 18-23 Taipei talks were helpful, and thanked the SEF for its hospitality.

SEF Official Invited To Beijing*OW2912085393 Taipei CNA in English 0814 GMT 29 Dec 93*

[By Debbie Kuo]

[Text] Taipei, Dec. 29 (CNA)—Chiao Jen-ho, vice chairman and secretary-general of the Straits Exchange Foundation (SEF), was invited to visit Beijing for talks with Tang Shubei, vice chairman of the Association for Relations Across the Taiwan Strait (ARATS).

A SEF spokesman said the foundation received a letter Wednesday [29 December] morning from ARATS in which ARATS invited Chiao to meet with Tang in Beijing sometime after Jan. 15 to discuss the second-round of "Koo-Wang" talks.

SEF Chairman Koo Cheng-fu met with ARATS Chairman Wang Daohan in April this year in Singapore for a series of talks. The talks were the first high-level contacts across the Taiwan Strait in more than four decades.

The Chiao-Tang meeting will also focus on exchanges between SEF and ARATS, two semi-official intermediary organizations in Taiwan and Mainland China, and issues of mutual concern, the spokesman said.

SEF has not yet responded to the invitation.

Former Mainland Minister Attends Taipei Meeting*OW2912081593 Taipei CHUNG YANG JIH PAO in Chinese 17 Dec 93 p 3*

[Text] Wang Meng, former minister of culture under the State Council who was dismissed from the post because of the 4 June 1989 incident, and his wife Tsui Jui-fang [Cui Ruifang] arrived in Taipei on the evening of 15 December. Wang Meng's visit to Taiwan is mainly to attend a "Conference of Chinese Literature Over the Past 40 Years." He said that getting together and holding discussions by Chinese writers on both sides of the Taiwan Strait are of great significance. He was very glad that he was given this opportunity to visit Taiwan.

Wang Meng said he was told that Taiwan is a beautiful place. So after attending the conference, he hoped that he would have time to tour some places in Taiwan. On the current conditions for literary and artistic creation on

the mainland, Wang Meng said: Generally speaking, there is no denying that the macroenvironment has been continuously improving since the antirightist movement in 1957, through the Cultural Revolution, until now.

In the nineties, we just cannot imagine how hard it was for people to speak out or to engage in creative writing in the past. Although difficulties still exist in the macroenvironment, writers now can express themselves through various means. "With an unusually unfair attitude," the Chinese Communist authorities subjected writers to spiritual and physical suffering in the past. "When a writer was criticized, it would be of no use even if he admitted his mistakes on his knees," Wang Meng said: "The Cultural Revolution was an extremely miserable period. It is hoped that Chinese Communist leaders and the people on the mainland will remember this lesson forever so that no similar incident will ever happen again."

As for some of the ideology the Chinese Communists still officially uphold, Wang Meng said: It is understandable that the Beijing authorities set this or that standard because of the special environment on the mainland. Such a phenomenon is no big problem. Viewing the situation as a whole, progress is being made in the objective environment.

Wang Meng said that since leaving his minister of culture post, he has been engaged in writing almost every day. As his visit to Taiwan will last only 7-10 days, he did not bring a portable computer on which to write. During the visit, he is not prepared to write anything.

On the possibility of contact with Taiwan officials, he said that he came to Taiwan as a writer this time: "If they want to talk with me as private person, they will be very welcome."

Jan-Nov Cross-Strait Trade Sees 'Record High'

OW2812180893 Taipei CNA in English 0835 GMT 28 Dec 93

[By Danielle Yang]

[Text] Taipei, Dec. 28 (CNA)— Taiwan's indirect trade with Mainland China continued to grow in 1993, with total cross-Taiwan Strait trade reaching a record high of US\$12.1 billion during the first 11 months of 1993, Board of Foreign Trade (BOFT) reported Tuesday.

BOFT said Taiwan's exports to Mainland China will total US\$7.3 billion in 1993, and the figure is expected to reach US\$9 billion in 1994. In 1979, cross-strait trade totaled only US\$77 million.

BOFT also estimated that exports to Mainland China will register a whopping 26 percent growth in 1994. However, Taiwan will register zero trade growth with the United States next year.

According to the Beijing-based NEW CHINA NEWS AGENCY [XINHUA], Taiwan was the second largest investor in the mainland in 1993. In the first half of 1993, Mainland China approved investments by 15,136 Taiwan investors, the agency reported.

BOFT predicted that Taiwan's trade deficit with Japan will reach US\$14 billion in 1993, growing 10 percent in 1994 to US\$15.5 billion.

The trade board estimated Taiwan's imports from Japan will total US\$25 billion and exports will total US\$9.5 billion in 1994.

GATT Membership Prior to Mainland Accession Sought

OW2912082993 Taipei CHINA POST in English 20 Dec 93 p 16

[By R. L. Chen]

[Text] The ROC [Republic of China] government is working feverishly to beat mainland China, its long-time rival, in the race for GATT membership as a way of protecting its economic interests and avoiding the possibility of direct trade talks with Beijing, officials said yesterday.

The two sides of the Taiwan Strait are locked in a feverish race to win membership to the General Agreement on Tariffs and Trade before the global trade group is reorganized as the World Trade Organization in 1995.

Economics Minister Chiang Pin-rung has said that if the ROC application for the membership is not approved before 1995, its previous efforts would be wasted since it would mean a fresh round of application for membership.

Officials of the Board of Foreign Trade [BOFT] pointed out that if Beijing gained membership before Taiwan, it could ask to hold trade talks with Taipei.

Under GATT regulations, existing or senior members have the right to ask for trade talks with a new member, a development Taiwan seeks to avoid since its national policy dictates a total ban on direct talks with Beijing.

The government has banned direct trade and contact with Beijing after the 1949 civil war.

BOFT officials said the ROC might be able to cite an exception clause under the GATT regulations to avoid holding talks with Beijing. But Taiwan would be saved from the trouble if it enters GATT first, they said.

"Authorities here are stepping up efforts to find a bottom line on how much we can concede in our tariff reduction and market access talks with other countries," Huang Yen-chao, BOFT director-general, said.

He said the government would do all it can to help local industries and agriculture upgrade their structures to develop higher quality products to accommodate GATT changes.

The ROC plans to cut tariffs on a number of its industrial and agricultural items and has worked out plans to make its market more open to prepare itself for GATT.

Beijing is doing the same thing and has reduced its tariffs an average of 8.8 percent since the beginning of this month, BOFT officials said.

They said Beijing is studying the removal of a number of import bans beginning next year and is working out a list of products that will encourage people to import.

The mainland authorities have set 1995 deadline for rejoining GATT, and have urged the world trade body to devote more attention to its application following the successful conclusion of its Uruguay Round of talks.

Li Zhongzhou, a foreign trade and economic cooperation official of the mainland, was reported by wire news agencies as saying that it would be useless to pursue membership if Beijing fails to rejoin GATT by 1995. He noted that 1995 was the deadline for GATT members to join the World Trade Organization [WTO].

He said only that if Beijing was accepted as an WTO member, it would fulfill its promises on tariff cuts made during the Uruguay Round. "Otherwise GATT members will not see any concessions from Beijing," he was quoted as saying.

The official said last week's conclusion of the seven-year round of trade talks would enable the body to "devote more attention to tackling the issue of mainland China's GATT status."

He added that it would be unfair for GATT to hinder the early conclusion of the coming negotiations on Beijing's membership, given that Beijing had fulfilled nearly all requirements needed to complete the Uruguay Round.

Li said that if further concessions were required, they would be made in further negotiations on Beijing's membership. One of the concessions could be substantial tariff reductions next year as part of an overall 33 percent cut before joining GATT, he said.

However, he said Beijing would not accept all demands, such as accession to the Civil Aircraft Code, which stipulates zero tariffs and elimination of subsidies in the sector.

"We can only reduce tariffs to the extent that our national economy can sustain," he was quoted as saying alleging that neither the United States or the European Community had actually lived up to the aircraft agreement.

Meanwhile, Japanese press reports, quoting unnamed sources from Geneva, said both the ROC and mainland China will be simultaneously accepted as GATT members next year.

The reports said both sides of the Taiwan Strait are expected to join GATT in mid-1994.

Beijing filed its application with GATT three years ago, while Taipei submitted its application to GATT last year, using the name Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

Spokesman on Uruguay Round of Talks, GATT

OW2912124793 Taipei CHINA POST in English 17
Dec 93 pp 1, 15

[By Christopher Bodeen]

[Text] While welcoming the success of the Uruguay Round accord, the ROC [Republic of China] government issued a note of caution on changes the agreement will bring about, particularly in the agricultural sector where the adjustment to a changed world trade order will be the most painful.

The government said yesterday it finds the agreement's content "acceptable," though like most other nations the ROC was not 100 percent satisfied with it.

The Ministry of Foreign Affairs reaffirmed the ROC's hopes of joining GATT before the agreement is replaced by a more structured organization, the World Trade Organization (WTO) at the beginning of 1995.

It warned that failure to attain membership prior to the WTO establishment will require a further review and submission of a new application. Because membership in GATT does not go into effect officially until three months after official acceptance, application must be accepted by September next year, assuring a frenzied effort to push through the application.

The name of GATT's successor was changed yesterday from the Multilateral Trade Organization to the WFO, following American objections to the term "multilateral."

Council of Agriculture Chairman Sun Ming-hsien recently warned that GATT will have significant impact on Taiwan's agricultural sector, bringing "both benefits and losses." Sun said in light of agriculture to the nation as an area of "fundamental importance," the government retains the right to alter agricultural policies at any time.

He added that all aspects of agricultural policy, including welfare for farmers, environmental conservation, aquaculture, land and the market would be taken into close consideration in future policy making.

GATT was credited as being the force that will eliminate past trade discriminations against ROC products in a speech by Vice Economics Minister Sheu Ke-sheng. He said GATT will help alleviate situations including much-bemoaned abuses of anti-dumping legislation by the United States and the European Community, now the European Union.

However Sheu assured audience members that GATT was not a "free trade agreement" in the sense of open markets, but a set of regulations to ensure fair trade.

**CITES Proposal on Rhino Horn Controls
'Difficult'**

*OW2812180793 Taipei CNA in English 1359 GMT 28
Dec 93*

[By Benjamin Yeh]

[Text] Taipei, Dec. 28 (CNA)—The Geneva-based Convention on International Trade in Endangered Species [CITES], a UN-sponsored animal conservation organization, has proposed that Taiwan step up controls on the management of rhino horn and tiger bone stockpiles.

In a letter to the Council of Agriculture, CITES recommended that all rhino horn and tiger bone held by individuals be placed under government control at an appointed venue.

The letter came about three weeks after CITES had sent officials to Taiwan on a fact-finding mission. A CITES committee voted 3-3 earlier this year to postpone trade sanctions proposed by Britain's Environmental Investigation Agency, which claimed Taiwan has only perfunctorily cracked down on the illegal trade of rhino horn and tiger bone.

However, Tang Hsiao-yu, a COA section chief in charge of conservation affairs, indicated Tuesday [28 December] that implementing the latest CITES proposal would be difficult because the government cannot force the public to surrender private property.

CITES suggested in its letter that the ROC add a provision to its existing wildlife conservation law mandating individuals to register any rhino horn or tiger bone they own, and that a special government agency be organized to crack down on trading of endangered species on the island.

It also proposed that the government strengthen coordination with other countries, including Mainland China, to combat smuggling of endangered species.

Taipei Becoming 'Major Capital Supplier'

*OW2812181193 Taipei CNA in English 0824 GMT 28
Dec 93*

[By Sofia Wu]

[Text] Taipei, Dec. 28 (CNA)—International capital has been flowing back to developing countries from industrialized countries since the beginning of 1990, reversing the previous decade's trend when investment capital poured into advanced countries, an economics official said Tuesday.

More than US\$52 billion in international capital flowed into developing countries in Asia and Latin America in 1992, the official with the Council for Economic Planning and Development said.

Japan has emerged as the world's largest money supplier, the official noted. Japan's capital outflow reached a

record US\$86.1 billion last year and the amount is expected to hit US\$200 billion annually by 1996.

Taiwan has also become a major capital supplier, the official reported. Unofficial estimates show Taiwan has invested more than US\$30 billion in Mainland China, Southeast Asia and other countries over the past few years.

The official attributed the changing world investment trend partly to the rosy economic prospects expected in many developing Asian countries and to the remarkable progress in political and economic reforms in Latin American countries.

Nevertheless, the official said, a large portion of Japanese money poured into developing countries is short-term capital and may be retrieved quickly. It remains to be seen how such short-term international capital will influence recipient Asian and Latin American developing countries, he added.

The official further pointed out that unified Germany has become a capital importer, recording net capital inflow of US\$58.3 billion in 1992. Former West Germany had been a major capital exporter before unification.

The official also said capital inflow into the United States has reduced in recent years. In 1992, the U.S. absorbed less than US\$50 billion in international capital, only about a third of the amount recorded in the peak year of 1987.

On the other hand, the official said, the Commonwealth of Independent States and East European countries badly need international capital to bolster their faltering economies.

**Officer's Death Threatens To Reveal Arms
'Scandal'**

*OW2912125793 Taipei CHINA POST in English 23
Dec 93 p 1*

[Text] The recent killing of an ROC [Republic of China] Navy captain has threatened to reveal an arms purchase scandal.

The death of Captain Yin Ching-feng, executive director of the weapons acquisition office of the Navy Headquarters, has already been linked to four arms middlemen involved in a naval purchase project that he had handled.

Rumors have spread that Yin had threatened to expose some illicit operations concerning the project to purchase parts for four German-made battleships.

The rumors also indicated that a few lawmakers have been lobbying over the project, but the lawmakers have dismissed the hearsay.

A colleague of Yin's at the weapons acquisition office, Captain Kuo Li-heng, has already been detained by military investigators in connection with the killing. The

investigators have not ruled out the possibility of the involvement of other military personnel.

The case has shocked the military, and Chief of the General Staff Liu Ho-chien yesterday promised efforts to solve the mystery surrounding Yin's death, according to the Military News Agency.

His remarks echoed a newspaper report that President Li Teng-hui has also been shocked by Yin's death and ordered a thorough investigation, even if it means the arrest of ranking officials.

One of the four middlemen implicated in the case, identified as a German-Chinese called Mrs. Tu, yesterday told local media that she would be willing to return from Germany to testify in Taiwan if her safety could be guaranteed.

But Tu dismissed that Yin's death had anything to do with the purchase project.

It is believed that Yin was on his way to meet with Tu in a Taipei hotel when he disappeared on Dec. 9. Yin's body was found offshore around the eastern county of Ilan the next day.

Tu told correspondents of the Central News Agency in Germany that Yin did not show up at the hotel and she left Taiwan on Dec 9.

She also stated she was only acting as a legal attorney for Abeking and Rasmussen, a German shipbuilder interested in the contract. She did not disclose what she and Yin were supposed to talk about at the scheduled appointment.

Another middleman, surnamed Chang, has also left Taiwan since Yin's death.

The Independent Evening Post yesterday quoted unnamed sources as revealing that a pair of Yin's shoes had been found in two of the four middlemen's cars, earlier seized after the captain was found dead.

The detained Captain Kuo is believed to be the last person that Yin met before he disappeared. Military investigators and prosecutors said they have doubts about Kuo's whereabouts after he met with Yin.

The China Times Express yesterday reported that American police have staked out an alleged killer of Yin in the United States.

Defense Minister Sun Cheng also told lawmakers that he remained optimistic that the case would be solved. No arrests have been made.

Hong Kong

More Discussion on Disbanding Three-Tier Structure

Patten Criticizes PRC Statement

HK2912063693 Hong Kong RTHK Radio Four in English 0500 GMT 29 Dec 93

[Text] The governor, Chris Patten, says that the recent statement by the Hong Kong and Macao Affairs Office that China will dismantle all three tiers of government in Hong Kong after 1997 is in breach of the Basic Law. He described the statement as a not very attractive Christmas present for the people of Hong Kong.

[Begin Patten recording] It is a surprising statement in many, many ways, because it seems to be a reflection, not of the rule of law, but of the rule of man. It appears that the Hong Kong and Macao Affairs Office has the power of clairvoyance because even before the Legislative Council has considered or passed legislation on the 1994 and 1995 elections, the Hong Kong and Macao Affairs Office say that they would not have anything to do with it. Even if that was reasonable, it is clean against the Basic Law itself, Article 160 for example. It is not a matter for the Hong Kong and Macao Affairs Office to decide what is or is not in line with the Basic Law. It is a matter for the NPC Standing Committee, so I do not know what the Hong Kong and Macao Affairs Office think they are doing. [end recording]

Mr. Patten was speaking on Lantau Island after the inauguration of the world's biggest outdoor Buddha statue. Earlier, in a formal speech, he stressed the importance of religious freedom as one of the hallmarks of any civilized society.

[Begin Patten recording] A civilized community like Hong Kong, whatever our individual beliefs or lack of them, recognizes that every human being, whatever their achievements, or for that matter, whatever their infirmities, every human being reflects the majesty of the infinite and the wonder of the unknown. [end recording]

In a formal speech at the same dedication ceremony, the head of the local branch of the New China News Agency, Zhou Nan, said that Beijing protects the religious freedom of its citizens. He pointed out that under the Basic Law, the SAR [Special Administrative Region] government will do the same thing here after the territory reverts to Chinese sovereignty. Joseph Chang reports.

[Begin recording] Mr. Zhou said Beijing will deal with religious matters under the principles of mutual respect and no mutual interference. He said the Chinese Government and religions will not be subordinate to each other. He hoped that what he called all normal religious activities in China and Hong Kong will be carried out under such principles. He praised Buddhists for their noble patriotism. He also thanked them for the charity to

the Hong Kong community as well as their contributions to such causes in China as flood and poverty relief, children's education, and Beijing's previous bid to host the Olympic Games in the year 2000. [end recording]

Local Politicians 'Divided'

HK2912071093 Hong Kong SOUTH CHINA MORNING POST in English 29 Dec 93 pp 1, 2

[By So Lai-fun]

[Text] Local politicians were divided yesterday on whether China could carry out its threat to disband the three tiers of government at the change-over.

Chairman of the United Democrats of Hong Kong (UDHK) Martin Lee Chuming said the State Council's Hong Kong and Macao Affairs Office (HKMAO) was not empowered to interpret the Basic Law, and thus could not declare an end to the through-train arrangement.

But Liberal Party legislator Henry Tang Ying-yen disagreed and said China, as the sovereign power of Hong Kong after 1997, was authorized to reorganise the territory's political structures.

Their remarks came after the office issued a statement this week saying all tiers of government should be disbanded at the change-over because legislation governing the councils would contravene the Basic Law after the termination of British rule.

The Secretary for Constitutional Affairs, Michael Sze Cho-cheung, criticised the statement as "counter-productive to Hong Kong's stability".

Mr Lee said the HKMAO, which was not one of the organs authorized to interpret the Basic Law, was not in a position to issue such a statement.

The former drafter of the Basic Law said interpretation of this law was vested only with the National People's Congress Standing Committee, in consultation with a committee for the Basic Law, which was to be set up after 1997.

"How can they [HKMAO] declare any bills to be passed by the Legislative Council as contravening the Basic Law if they are not empowered to interpret the mini-constitution?" Mr Lee asked.

Municipal councillors and district board members should be allowed to ride the through-train as there were no provisions in the Basic Law stipulating the composition of district boards and municipal councils. Mr Lee wondered how the relevant electoral laws would not be in line with the mini-constitution.

"The Basic Law is silent on the composition of the district boards and municipal councils. I can't see how the relevant electoral laws will contravene the Basic Law. They must be allowed to continue after 1997," he said.

If all systems under the colonial Government had to be overturned due to the change of sovereignty, it would create panic among the public, Mr Lee warned. "It is a dangerous idea which shows that China does not live up to its words to preserve Hong Kong's status quo," he said.

United Democrat Vice Chairman Yeung Sum said a legal vacuum could be created if China disbanded the legislature in 1997.

However, Mr Tang argued that China could reorganize the three-tier structure because neither the Basic Law nor the Sino-British Joint Declaration had provided for a through train.

A member of the Preliminary Working Committee (PWC) for the Special Administrative Region Preparatory Committee, Dr Raymond Wu Wai-yung, said it was in line with international laws that all structures be disbanded upon a change of sovereignty.

"Whenever there is a change of sovereignty; the structure in the previous government should be disbanded according to international laws.

"It is exceptional not to disband the structures," he said.

Dr Wu said the same would apply to other systems, including the civil service structure. Stressing that disbanding the three-tier Government did not necessarily mean reelection, Dr Wu said the most important thing was for the PWC to devise a mechanism to endorse the structures to maintain continuity.

Meanwhile, Mr Sze, describing the HKMAO's statement as "regrettable", said: "This would certainly undermine the stability and prosperity of Hong Kong." Responding to the allegation that the British side had sabotaged the political talks Mr Sze reiterated that they had tried their best during the 17 rounds of talks on the 1994/95 electoral arrangements.

A member of the British negotiating team, Mr Sze said he was frustrated by the lack of agreement. The British side should not be blamed.

XINHUA Official Comments

HK2912073393 Hong Kong WEN WEI PO in Chinese
29 Dec 93 p 11

[Report: "Zhu Yucheng Stresses That With Complete End of British Rule in Hong Kong, It Is a Matter of Course To Disband Three-Tier Assemblies in 1997"]

[Text] Zhu Yucheng, deputy director of XINHUA Hong Kong Branch, pointed out yesterday: The three-tier assemblies [Legislative Council, District Boards, and the Urban and Regional Councils] as a component part of the British Hong Kong Government's political structure, were formed under the Royal Instructions. With the

complete ending of British rule over Hong Kong on 30 June 1997, the dissolution of these assemblies at that time is a matter of course.

Zhu Yucheng was attending the opening ceremony of an exhibition of books and paintings by Huang Yanghui and his son at City Hall, Central, Hong Kong, yesterday afternoon. When asked by a reporter why the Chinese side had announced that Hong Kong's three-tier assemblies would be dissolved in 1997, Zhu Yucheng answered: According to the popular saying of our Hong Kong friends: It is because you have a new boss. Isn't that right? The present Hong Kong Government is one maintaining British colonial rule. After Hong Kong is returned to the motherland, the Hong Kong Special Administrative Region [SAR] government will be directly under the jurisdiction of the PRC central government and will be a local government vested with a high degree of autonomy. There is a difference in the nature of sovereignty between the present British Hong Kong Government and the future SAR Government.

He added that the Sino-British talks had been disrupted by the British side, who should be totally responsible for that.

The reporter asked him: "Will China and Britain publicize the contents of the talks?"

Zhu Yucheng said: "Director Lu Ping has talked about this before, has he not? We are not afraid of making them public, as publicity of the contents will not add any glory to Patten."

According to Zhu Yucheng, now that the talks have been disrupted by the British side, the question of a through train no longer exists. Previously, Foreign Minister Qian Qichen made it clear that by 30 June 1997, all the functions and duties of the three-tier assemblies will come to an end. Starting on 1 July 1997, the SAR Government will reorganize the assemblies at various levels in accordance with the provisions of the Basic Law and the decisions of the National People's Congress.

"Will there be a legal vacuum after the dissolution of the three-tier assemblies?" a reporter asked Zhu.

"No," he answered.

Zhu also stressed: The Chinese side will strictly carry out the Basic Law and the Joint Declaration. You may set your minds at rest. Originally, we hoped to have British cooperation, but they refused. There is nothing terrific about this, and Hong Kong will remain prosperous and stable as always without their cooperation. Our basic point will be placed on the strength of the 6 million Hong Kong compatriots. We profoundly believe that the prosperity and stability in Hong Kong have been built by Hong Kong compatriots themselves, rather than by the favors bestowed by the British.

Zhu Yucheng also wished the reporters a happy New Year. He said: Our friends from the press circles have

done painstaking and substantial work over the past year, for which I should like to extend my heartfelt thanks.

Italian Magazine Interviews Hong Kong Leaders

Martin Lee Advocates Referendum

BR2812133493 Rome L'UNITA in Italian 28 Dec 93 p 12

[Interview with Martin Lee, leader of the United Democrats for Hong Kong Party, by unnamed correspondent in Hong Kong; date not given: "Martin Lee, a Democrat: 'The Only Way Is a Referendum'"]

[Excerpt] Hong Kong—[passage omitted]

[L'UNITA] Attorney Lee, did you agree with the proposals made by Patten a year ago?

[Lee] Yes, we did agree, because he spoke of direct popular vote, of lowering the voting age to 18, of expanding the electoral base. Then we saw that the governor, instead of taking advantage of the favorable moment and taking his proposals immediately to the Legislative Council to have them implemented, launched a series of extenuating and secret talks with the Chinese that led nowhere. For this reason we have chosen another path. We say that the people of Hong Kong must be the ones to decide their own future and propose a referendum. We are convinced that neither Patten nor the British should have a say on what our future will be, nor do we want the last days of colonial power to grant us democracy. Patten was not elected by the people of Hong Kong and therefore he has no right to speak of political reform on our behalf.

[L'UNITA] Attorney Lee, do you think that proposing a referendum is realistic in such a confused and difficult situation? What would the referendum be about?

[Lee] As far as I can make out, in all democratic countries the people have a right to express themselves through a referendum. What are they about? We intend to discuss the topics with other forces that concur with our proposal. You should be fully aware what our main problem is: to get a democratically-elected Legislative Council capable of saying no to Beijing. I think that by 1995 all its members should be elected by the people. Or if this is not possible, at least 50 percent should be.

[L'UNITA] Behind these political proposals there is certainly a judgment on China. What is it?

[Lee] China does not want democracy in Hong Kong. It is doing everything it can to intimidate, threaten, and prevent people like us from being heard. China will certainly change just like the countries in Eastern Europe have changed, or like many countries in Asia, like Thailand and Japan, have changed. But its timetable is not ours. And China will certainly not have changed by 1997. We cannot wait for them.

[L'UNITA] At this point, what do you consider the most likely scenario will be, given the fact that the Liberals are

keeping their distance from Patten's proposals even though they are part of his majority?

[Lee] If Patten had submitted his original project to the Legislative Council, we would have supported him without any doubt. After the break between Beijing and London, what will happen can be summarized thus: Patten will not yield to pressures directly exerted by Beijing, but the current Legislative Council, which is predominantly conservative, will modify the governor's electoral proposals—which have already been hacked to pieces—in a way that is even more favorable to the Chinese.

Tsang Yok-Sing on Needing 'Stable' Beijing

BR2812133793 Rome L'UNITA in Italian 28 Dec 93 p 12

[Interview with Tsang Yok-Sing, leader of the Democratic Alliance for the Improvement of Hong Kong, by unnamed correspondent in Hong Kong; date not given: "Tsang Yok-Sing, Pro-China: 'Remember, Beijing Is Vital'"]

[Excerpt] Hong Kong [passage omitted]

[L'UNITA] Mr. Tsang Yok-Sing, you also use the adjective "democratic." What is democracy for you?

[Tsang Yok-Sing] Freedom of speech, protest, association, vote.

[L'UNITA] So what distinguishes you from Martin Lee?

[Tsang] A great deal, a great deal. First, timetables. Martin Lee wants democracy overnight, direct elections now, and a Legislative Council elected directly by the people. We say: Careful, let us proceed according to the 'fundamental law,' let us set the year 2007 as the deadline for a Legislative Council elected directly by the people. General elections in 1995? Quite frankly, I do not agree; they would be strongly marked by a British presence.

[L'UNITA] But according to the 'fundamental law,' it is the committee preparing the first Hong Kong government under China that will decide which members of the Council elected in 1995 should remain in 1997. Do you think that is democratic?

[Tsang] You tell me what you find antidemocratic about it.

[L'UNITA] For a start, there is the danger that those who currently criticize China, such as Martin Lee, will not be confirmed.

[Tsang] I acknowledge that that danger exists, which is why we will expect the committee to give us a very clear explanation of the reasons leading to any confirmation or removal.

[L'UNITA] You also criticize Governor Patten a lot.

[Tsang] I do not agree with what he has done. But this divides us less than one could imagine. Patten made a very bad mistake: He was arrogant. We are not happy with the 'fundamental law' but we are also convinced that it cannot be modified unilaterally, as the governor

tried to do. Modifications must be discussed with China, as provided for in the accords.

[L'UNITA] You are considered to be the authoritative and powerful sponsor of Beijing's views in Hong Kong.

[Tsang] I am proud of that. We all need China. Many believe that what happened in Eastern Europe or the Soviet Union will also happen there. We know China well and we know that having a stable government and proceeding with reforms gradually is in its interests. If the Chinese Communist Party falls, you must know that there will be no Western democracy, as some people like to kid themselves. There will be chaos and disaster, and nobody would believe in China any more. But needing China also means establishing a relationship based on mutual trust. How can that trust exist if people insist on fomenting anticommunism and talking of independence?

[L'UNITA] Is it true that the business community is very cold toward these political issues?

[Tsang] The business world is not interested in democracy or direct elections at all. It only wants stability and to see the laws respected.

Hong Kong 'Important' to Asian-Pacific Growth

OW2812180093 Beijing XINHUA in English 1256 GMT 28 Dec 93

["Yearender" by Yang Guoqiang: "Hong Kong Important to Asian-Pacific Brisk Growth"]

[Text] Hong Kong, December 28 (XINHUA)—As the economic center of gravity of the 1990s is gradually shifting from the west to the east, Hong Kong, one of the six dynamic Asian dragons leading global growth in 1993, sustained its unique position as an Asian-Pacific financial, trade and communications center and "the gateway" to the huge China market.

Hong Kong's role as an international business center in the region has been strengthened in the past year. It now boasts of being the world's 10th largest trading economy, the fifth biggest financial center and the seventh equity market.

All these have helped attract to Hong Kong the more than 600 regional headquarters of multi-national companies and the 160 banks that in turn have enhanced its status as a regional and global financial center.

Hong Kong is expected to have a 5.2 percent increase in its gross domestic product (GDP) this year and a 5.5 percent rise in 1994. Its exports are to register a 13 percent increase in 1993 with an expected rise of 16-17 percent in the year to come. The local bullish stock market, the world's fastest growing one, soared over 3,000 points within four months to break through the record 11,000-point barrier on Christmas Eve.

A rise in public investment and the growth of private consumption will continue to boost Hong Kong's economy.

For foreign businesses intent on a share of the widely-hailed China market, Asia Pacific's locomotive that has scored a dazzling 13 percent GDP growth in 1993, there is no better point of entry than Hong Kong, with its identical cultural roots, geographical proximity, well-developed infrastructure and skilled talent.

According to the World Bank, by the year 2000, half of the annual growth in the world's economy will come from East Asia, where Hong Kong is advantageously situated. This very region has enjoyed an estimated seven percent GDP growth in 1993, more than doubling the world average, and remained the sole dynamic area in a world heading to its fifth year of recession.

The emergence of sub-regional economic cooperation within East Asia has resulted in more rapid economic growth and an increase in the flow of direct foreign investment. In this regard, identical or similar cultural roots have played a significant part in promoting such intra-regional cooperation, in which Hong Kong has taken the lead and set a good example.

Furthermore, Hong Kong, along with the five other dragons—the Republic of Korea, Malaysia, Singapore, Taiwan and Thailand—remained the region's economic spearhead this year. The miraculous growth in China, fuelled by an investment boom mainly from Hong Kong, proved a boon to the dragons' exports.

It was probably due to the economic miracle in East Asia that an unprecedented informal leadership meeting was held in Seattle in November among members of Asia-Pacific Economic Cooperation Forum and U.S. President Bill Clinton initiated the idea of a "new Pacific community".

"America's future is increasingly linked with Asia," U.S. Secretary of State Warren Christopher said, adding "I'm setting a goal of trying to double those exports to the Asian-Pacific region in the next decade and to double the number of American jobs that will be produced by those exports."

Asia has fast become the U.S. biggest trading partner and in 1993 alone, U.S. companies increased their investment in the region by 16 percent, more than twice the average growth rate for overseas projects worldwide.

German Chancellor Helmut Kohl explained, "Asia could be the most important continent in the 21st century," as Asia is home to 59 percent of the world's population and accounts for 25 percent of world trade and 27 percent of gross world product.

According to the World Bank, the recent success of the Uruguay Round of trade talks would help East Asia capture 54 percent of the total increase in the developing-country exports that result from the agreement.

What is important is that the geographic location has helped Hong Kong serve as an all-round Asian-Pacific center, which is forging an increasingly closer ties with its fast developing neighbors and an even more special relationship with China, its largest trading partner in

which Hong Kong has invested an estimated total of 30 billion U.S. dollars over the past 10 years.

Australia, however, has failed to take full advantage of its geographical proximity with East Asia to develop intra-regional cooperation. To integrate its economy with Asia's, Australia will need to expand its information networks in Asia, where Hong Kong might be the ideal place to intensify the promotion of the country.

Japan, with a GDP growth of 0.5 percent this year, is the third largest trading partner for Hong Kong, and Hong Kong the fifth for Japan.

Masaki Orita, Japanese consul-general in Hong Kong, said, "Japan is prepared to do whatever is required to develop even better relations between Japan and Hong Kong, and to cooperate with Hong Kong to ensure that the stability and prosperity of Hong Kong is preserved and enhanced towards the 21st century."

Some observers said the world economy has entered the Asian-Pacific era and this region is enjoying the sort of economic miracle unmatched by the rest of the world. As one of the major force behind the region's economic success, Hong Kong's increasingly important involvement cannot be over-emphasized.

According to Singapore Senior Minister Lee Kuan Yew, during the next 10-20 years, East Asia would grow faster than the rest of the world and China is where the main action is.

"Asia's expansion and China's development can be to American advantage," said former U.S. President George Bush, adding "the next century may well be, as some suggest, the 'China century.'"

And Hong Kong would highlight its role as the gateway to China and remain a financial, trade and communications center of the Asian-Pacific region, analysts predict.

Overseas Funds Send Stock Market to 'Record' High

HK2912070093 Hong Kong SOUTH CHINA
MORNING POST in English 29 Dec 93 p 1

[Report by Carrie Lee]

[Text] The stock market roared into uncharted territory yesterday with property shares ignoring negative political vibrations from China and leading the charge to a record one-day leap.

Seven out of the 10 top performers were property counters—Henderson Land, Allied Properties (HK), Hong Kong Parkview, Cheung Kong, Tsim Sha Tsui Properties, Hang Lung development and Sun Hung Kai Properties.

The seven stocks alone accounted for a turnover of \$1.22 billion—about 12.7 percent of the day's total of \$9.6 billion.

The Hang Seng Index rocketed 530.38 points or 4.8 percent to 11,570.22, after striking an alltime high of 11,689.94.

The property sector's star performance was triggered by a land auction which saw a record price for a Kowloon site, news of building code changes that allow skyscrapers in Kowloon and spiraling prices of luxury residences.

The market's lustrous performance came despite the Chinese Government's announcement that the Legislative Council and lower level municipal councils and district boards would be disbanded after June 30, 1997.

"The market's been ignoring political issues. Even if Li Peng made the same announcement again, it wouldn't make any difference," said GK Goh Securities' dealing manager, Bobby Ho. Seapower Securities' research director, Samuel Lau Kwok-leung, said investors showed no response to the decision as it had been expected.

Yesterday's rise was the biggest in the history of the stock exchange. The next highest one-day gain was 394.4 points achieved on December 16. But the large size of the rise, on the heels of Friday's cracking of the 11,000 psychological barrier astonished brokers and investors.

The rally was powered by foreign funds—especially the Japanese—whose high liquidity overwhelmed the trading hall. Some brokers said the starry performance of regional bourses since Monday also helped maintain overseas investors' confidence in the local market.

Brokers said many Hong Kong investors anticipated a traditional pre-Lunar New Year rally and bought now, hoping to make a profit after the holidays. Most local employees are given a bonus just before the Lunar New Year period, and some delve into the stock market. January usually sees the index rise more than other months.

Overseas institutions have been active buyers of local stocks in the past three months. The index has jumped 54.88 percent from three months ago and 109.16 percent from a year ago. Sentiment was very bullish, with even local investors, who used to be less active, taking part. The rise in the futures market also injected upward momentum into the spot market, brokers said. However, they suggested investors should exercise caution the overhyped market.

"Local investors shouldn't be too aggressive because it's risky," said Mr Ho. "An adjustment of 500 to 1,000 points any time now would hardly be surprising." Standard Chartered's research director, Eugene Law, agreed: "The temptation for people to take profit is getting greater and greater now."

Still, some brokers expected the market to hit 12,000 within week, and most tipped it to strike 14,000 to 15,000 in the first quarter of next year.

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